THIS AGREEMENT is made on the 9th day of October, 2007 between:

(1) **WALLIS TRADING INC**, a company incorporated under the laws of the Republic of Liberia whose registered office is at 80 Broad Street, Monrovia, Liberia (the "**Lessor**", which term includes its successors in title and permitted assigns); and

(2) **AIR TANZANIA COMPANY LIMITED**, a company incorporated under the laws of The United Republic of Tanzania whose registered office is at PO Box 543, Ohio/Garden Avenue, Dar es Salaam, Tanzania (the "**Lessee**").

WHEREAS: Lessor wishes to lease to Lessee and Lessee is willing to lease from Lessor the Aircraft on the terms of this Agreement.

IT IS AGREED as follows:-

1. INTERPRETATION

1.1 DEFINITIONS

In this Agreement the following expressions have the meanings set out opposite:-

Agreed Maintenance Performer:

(a) subject to paragraph (b) below, at all times any maintenance facility that is approved by FAA and/or EASA and which is also acceptable to, and approved in writing by, Lessor that has approvals for the relevant maintenance tasks or such other facility acceptable to, and approved in writing by, Lessor from time to time in its discretion,

(b) for line maintenance, the Lessee, when Lessor has confirmed to Lessee in writing that Lessor is satisfied that Lessee has completed upgrading of the necessary facilities and has recruited suitably qualified and experienced staff to undertake line maintenance in a professional and competent manner.

Agreed Maintenance Programme: the Maintenance Programme agreed to from time to time in writing by Lessor.

Agreed Value: $30,000,000 or such other amount as Lessor may require from time to time provided such other amount does not exceed 120% of the fair market value of the Aircraft.

Air Authority: Director General of Civil Aviation in the State of Registration.

Aircraft: the aircraft described in Part 1 of Schedule 1, (which term includes where the context admits a separate reference to all Engines, Parts and Aircraft Documents).

Aircraft Commitment Fee: all amounts payable pursuant to Clause 5.1.

Aircraft Documents: the documents, data and records identified in Part 2 of Schedule 1 and all additions, renewals, revisions and replacements from time to time made in accordance with this Agreement.

Airframe: the Aircraft, excluding the Engines and Aircraft Documents.

APU: the auxiliary power unit installed on the Aircraft on the Delivery Date and any replacement auxiliary power unit installed in accordance with this Agreement.

APU Performance Restoration: a shop visit at which a prescribed package of inspection, checks, repair and replacement of Parts on the principal assemblies or modules as defined in the appropriate maintenance manual is accomplished. Such package of work shall be sufficient to achieve a full operating interval until the next anticipated Performance Restoration shop visit in accordance with industry achievements and the Manufacturer's recommendations.

Business Day: a day (other than a Saturday or Sunday) on which business of the nature required by this Agreement is carried out in Switzerland and the State of Incorporation or, where used in relation to payments, on which banks are open for business in London and New York.

Cape Town Convention: the Convention on International Interests in Mobile Equipment and Protocol thereto on Matters Specific to Aircraft Equipment signed at Cape Town on 16 November 2001.

Cycle : one take-off and landing of the Aircraft (or, where relevant, any other aircraft).

Damage Notification Threshold: $250,000.

Default: any Event of Default and any event which with the giving of notice, lapse of time, determination of materiality or fulfilment of other condition would constitute an Event of Default.

Delivery Date: the date on which the Aircraft is tendered for delivery by Lessor in accordance with this Agreement.

Delivery Location: El Salvador, or such other location as Lessor shall advise Lessee.

Dollars and $: the lawful currency of the United States of America.

EASA : means the European Aviation Safety Agency, established by Regulation (EC) No. 1591/2002 of 15 July, 2002 (as amended).

Engine: whether or not installed on the Aircraft:-

(a) each engine of the manufacture and model specified in Part 1 of Schedule 1 which Lessor elects to tender to Lessee with the Aircraft on the Delivery Date, such engines being described as to serial numbers on the certificate of acceptance to be executed by Lessee upon delivery of the Aircraft; or

(b) any engine which has replaced that engine, title to which has or should have, passed to Lessor in accordance with this Agreement;

and in each case includes all modules and Parts from time to time belonging to or installed in that engine but excludes any properly replaced engine title to which has, or should have, passed to Lessee pursuant to this Agreement.

Engine Life Limited Parts Replacement: the replacement of Engine Life Limited Parts during any Engine shop visit requiring off-wing Engine disassembly, inspection, repair and assembly so that the replacement Engine Life Limited Parts installed shall have no less than 6,000 Cycles to life expiry.

Engine Performance Restoration: any Engine shop visit requiring off-wing Engine disassembly, inspection, repair and assembly of all major Engine modules in accordance with the latest revision of the manufacturers workscope planning guide resulting in a life release of no less than 8,000 Flight Cycles including all airworthiness directives issued by the aviation authority of the country of manufacturer of the Engines and FAA airworthiness directives requiring termination within 2 years accomplished.

Event of Default: an event specified in Clause 13.1.

Event of Loss: with respect to the Aircraft (including for the purposes of this definition the Airframe):-

(a) the actual or constructive total loss of the Aircraft (including any damage to the Aircraft which results in an insurance settlement on the basis of a total loss, or requisition for use or hire which results in an insurance settlement on the basis of a total loss); or

(b) it being destroyed, damaged beyond repair or permanently rendered unfit for normal use for any reason whatsoever; or

(c) the requisition of title, or other compulsory acquisition, capture, seizure, deprivation, confiscation or detention for any reason of the Aircraft by the government of the State of Registration or other competent authority (whether de jure or de facto), but excluding requisition for use or hire not involving requisition of title; or

(d) the hi-jacking, theft, condemnation, confiscation, seizure or requisition for use or hire of the Aircraft which deprives any person permitted by this Agreement to have possession and/or use of the Aircraft of its possession and/or use for more than 15 days.

Excusable Delay: with respect to delivery of the Aircraft, delay or non-performance due to or arising out of acts of God or public enemy, civil war, insurrection or riot, fire, flood, explosion, earthquake, accident, epidemic, quarantine restriction, any act of government, governmental priority, allocation, regulation or order affecting directly or indirectly, the Aircraft, any manufacturer, Lessor or Lessee, as the case may be, any materials or facilities, strike or labour dispute causing cessation, slowdown or interruption of work, inability after due and timely diligence to procure equipment, data

or materials from manufacturers, suppliers, any existing owner, seller or lessee in a timely manner, damage, destruction or loss, or any other cause to the extent that such cause is beyond the control of Lessor or Lessee, as the case may be, whether above mentioned or not and whether or not similar to the foregoing.

Expiry Date: the day preceding the numerically corresponding day seventy two (72) months after the Delivery Date or if earlier the date on which:-

(a) the Aircraft has been redelivered in accordance with this Agreement; or

(b) Lessor receives the Agreed Value following an Event of Loss.

FAA: the Federal Aviation Administration of the United States of America and any successor thereof.

Financial Indebtedness: a liability for a particular company:

(a) for principal, interest or any other sum payable in respect of any moneys borrowed or raised by that company;

(b) under any loan stock, bond, note or other security issued by that company;

(c) under any acceptance credit, guarantee or letter of credit facility made available to that company;

(d) under a financial lease, a deferred purchase consideration arrangement or any other agreement having the commercial effect of a borrowing or raising of money by that company;

(e) under any interest or currency swap or any other kind of derivative transaction entered into by that company or, if the agreement under which any such transaction is entered into requires netting of mutual liabilities, the liability of that company for the net amount; or

(f) under a guarantee, indemnity or similar obligation entered into by that company in respect of a liability of another person which would fall within paragraphs (a) to (e) if the references to that company referred to the other person;

Flight Hour: each hour or part thereof (rounded up to two decimal places) elapsing from the moment the wheels of the Aircraft (or, where relevant, any other aircraft) leave the ground on take off until the wheels of the Aircraft (or, where relevant, such other aircraft) next touch the ground.

Geneva Convention : the Convention on the International Recognition of Rights in Aircraft signed at Geneva, Switzerland on 19 June 1948.

Governing Law: the laws of England.

Government Entity:

(a) any national government, political subdivision thereof, or local jurisdiction therein;

(b) any instrumentality, board, commission, court, or agency of any kind thereof, however constituted; and

(c) any association, organization, or institution of which any of the above is a member or to whose jurisdiction any thereof is subject or in whose activities any of the above is a participant.

Guarantee: the Guarantee issued by the Guarantor pursuant to Clause 5.15 and any replacement or renewal of that guarantee.

Guarantor: the Government of Tanzania.

Habitual Base: Dar es Salaam, Tanzania or, subject to the prior written consent of Lessor, any other country or countries in which the Aircraft is for the time being habitually based.

Indemnitees: each of Previous Owner, Lessor, Lessor Representative, Lenders, any agent or security trustee of any of these, and including any of their shareholders, subsidiaries, affiliates, partners, contractors, directors, officers, servants, agents and employees, and the respective successors and assigns of any of them.

JAA: means the Joint Aviation Authorities (JAA) or any successor thereto which is an associated body of the European Civil Aviation Conference (ECAC) representing the civil aviation regulatory authorities of a number of European states who have agreed to co-operate in developing and implementing common safety regulatory standards and procedures or any successor thereof.

Landing Gear: the landing gear assembly of the Aircraft excluding any rotable components.

Lenders: such banks, financial institutions or other lenders which from time to time finance the Aircraft for Lessor and/or for whose benefit security over, or rights relating to, the Aircraft and/or this Agreement is granted by Lessor or at its request.

Lessor Lien:

(a) any mortgage over the Aircraft, any assignment by the Lessor in respect of its rights under this Agreement or any other Security Interest whatsoever from time to time created by or through Lessor in connection with the financing of the Aircraft, whether such financing is for the Aircraft alone or for a number of aircraft (including the Aircraft) leased to the Lessee;

(b) any other security interest in respect of the Aircraft which results from acts of or claims against Lessor not related to the transactions contemplated by or permitted under this Agreement; and

(c) liens in respect of the Aircraft for Lessor Taxes.

Lessor Representative: the company appointed from time to time to advise, support and assist Lessor in its monitoring and supervision of the performance by Lessee of its obligations under and in connection with this Agreement, as notified to Lessee.

Lessor Taxes : Taxes:-

(a) imposed as a direct result of activities of Lessor in the State of Incorporation imposing the liability unrelated to Lessor's dealings with Lessee or to the transactions contemplated by this Agreement or the operation of the Aircraft by Lessee; or

(b) imposed on the income, profits or gains of Lessor by any Government Entity in the country of incorporation of the Lessor or any country where the Lessor carries on business (except the State of Incorporation); or

(c) imposed with respect to any period commencing or event occurring after the Expiry Date and unrelated to Lessor's dealings with Lessee or to the transactions contemplated by this Agreement.

LIBOR: in respect of any day, the arithmetic mean (rounded up to the nearest 1-16th) of the annual rates of interest published or reported by Reuters Limited (through its Reuter Monitor Service, the "Screen"), by reference to the Screen page "LIBO" (or any successor to such page) at or about 11.00 a.m. (London time) on that day (or, if such day is not a Business Day, immediately preceding Business Day), as being the interest rates offered for Dollar deposits in an amount equal to the amount in question and for a duration equal to the period in question (or for whichever period appearing on the Screen is closest to that period). If, on the date in question, the Screen page "LIBO" (or any successor to such page) is not available or does not display rates for the required period, "LIBOR" shall be the arithmetic mean (rounded-up to the nearest two decimal places) of the respective rates notified to the Lessor by two first-class European banks selected by the Lessor as the rates at which those banks offer deposits in Dollars to leading banks in the London Interbank Market at or about 11.00 a.m. (London time) on the date in question for an amount equal (or closest) to the amount in question and for a duration equal (or closest) to the period in question.

Maintenance Programme: Lessee's written maintenance, inspection, corrosion prevention and repair programme and schedule for Airbus model A320-200 aircraft approved by the Air Authority, cross-referenced to and incorporating (a) the MPD and the Airframe Manufacturer's and Parts manufacturer's respective maintenance manuals and structural repair manuals, including Lessee's current maintenance schedule as approved by Lessor and (b) the Engine Manufacturer's engine maintenance management plan and other recommendations for engine shop visit work. In all cases, Maintenance Programmes shall be consistent with and cross-referenced to the latest revision of the MPD and the Engine manufacturer's workscope planning guide, maintenance and repair manuals and in accordance with the Engine manufacturer's

recommendations and shall not operate any kind of maintenance or inspection sampling programme.

Major Checks: any C-Check, multiple thereof, 4C/6Y-Check,8C/12Y-Check or annual heavy maintenance visit or segment thereof suggested for commercial aircraft of the same model as the Aircraft by the Manufacturer (however denominated) as set out in the Agreed Maintenance Programme.

Manufacturer: Airbus Industrie.

MPD: the latest revision of the Maintenance Planning Document applicable for the Aircraft published by the Manufacturer.

Minimum Liability Coverage: $750,000,000 on each occurrence.

Other Agreements: any agreement (other than this Agreement) made or to be made by Lessor (or any affiliate or associate of Lessor) and Lessee (or any affiliate or associate of Lessee), in relation to leasing of other aircraft or under which Lessee (or any affiliate or associate of Lessee) has obligations in respect of Financial Indebtedness to Lessor (or any affiliate or associate of Lessor).

Part: whether or not installed on the Aircraft:-

(a) any component, furnishing or equipment (other than a complete Engine) furnished with the Aircraft on the Delivery Date; and

(b) any other component, furnishing or equipment (other than a complete Engine) title to which has, or should have passed to Lessor pursuant to this Agreement;

but excludes any such items title to which has, or should have, passed to Lessee pursuant to this Agreement.

Permitted Lien:

(a) any lien for Taxes not assessed or, if assessed, not yet due and payable, or being contested in good faith by appropriate proceedings;

(b) any lien of a repairer, mechanic, carrier, hangarkeeper or other similar lien arising in the ordinary course of business or by operation of law in respect of obligations which are not overdue or are being contested in good faith by appropriate proceedings;

but only if (in the case of both (a) and (b)) (i) adequate resources have been provided by Lessee for the payment of the Taxes or obligations; and (ii) such proceedings, or the continued existence of the lien, do not give rise to any likelihood of the sale, forfeiture or other loss of the Aircraft or any interest therein or of criminal liability on Lessor or any Bank; and

(c) any Lessor Lien.

Predelivery Inspections: the inspections of the Aircraft conducted by Lessee prior to signing this Agreement.

Previous Owner: the owner of the Aircraft preceding the Lessor.

Redelivery Location: such location in the European Union as Lessor and Lessee may agree..

Rent : all amounts payable pursuant to Clause 5.3.

Rental Period: each period ascertained in accordance with Clause 5.2.

Rent Date the first day of each Rental Period.

Security Interest: any encumbrance, mortgage, charge, pledge, lien, assignment, hypothecation, right of set-off or any agreement or arrangement having the effect of creating a security interest other than a Permitted Lien.

State of Incorporation: The United Republic of Tanzania.

State of Registration: The United Republic of Tanzania, subject to Clause 5.15(c).

Subsidiary:

(a) in relation to any reference to accounts, any company whose accounts are consolidated with the accounts of Lessee in accordance with accounting principles generally accepted under accounting standards of the State of Incorporation;

(b) for any other purpose an entity from time to time:-

(i) of which another has direct or indirect control or owns directly or indirectly more than 50 per cent. of the voting share capital; or

(ii) which is a direct or indirect subsidiary of another under the laws of the jurisdiction of its incorporation.

Supplemental Rent: all amounts payable under Clause 5.4(a).

Taxes: taxes, duties and the like of all kinds and any other amount corresponding to any taxation together with any penalties, fines, surcharge or interest thereon.

Term: the period commencing on the Delivery Date and ending on the Expiry Date.

1.2 **CONSTRUCTION**

(a) In this Agreement, unless the contrary intention is stated, a reference to:-

(i) each of "Lessor" or "Lessee" or any other person includes without prejudice to the provisions of this Agreement any successor in title to it and any permitted assignee;

(ii) words importing the plural shall include the singular and vice versa;

(iii) any document shall include that document as amended, novated or supplemented;

(iv) a law (1) includes any statute, decree, constitution, regulation, order, judgment or directive of any Government Entity; (2) includes any treaty, pact, compact or other agreement to which any Government Entity is a signatory or party; (3) includes any judicial or administrative interpretation or application thereof and (4) is a reference to that provision as amended, substituted or re-enacted; and

(v) a Clause or a Schedule is a reference to a clause of or a schedule to this Agreement; and

(b) the headings in this Agreement are to be ignored in construing this Agreement.

2. **REPRESENTATIONS AND WARRANTIES**

2.1 **Lessee's Representations and Warranties**: Lessee represents and warrants to Lessor that:-

(a) **Status**: Lessee is a company duly incorporated and validly existing under the laws of the State of Incorporation and has the corporate power to own its assets and carry on its business as it is being conducted and is the holder of all necessary air transportation licences required in connection therewith and with the use and operation of the Aircraft;

(b) **Power and authority**: Lessee has the corporate power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement;

(c) **Legal validity**: this Agreement constitutes Lessee's legal, valid and binding obligation;

(d) **Non-conflict**: the entry into and performance by Lessee of, and the transactions contemplated by, this Agreement do not and will not:-

(i) conflict with any laws binding on Lessee; or

(ii) conflict with the constitutional documents of Lessee; or

(iii) conflict with or result in default under any document which is binding upon Lessee or any of its assets nor result in the creation of any Security Interest over any of its assets;

(e) **Authorisation**: all authorisations, consents, registrations and notifications required in connection with the entry into, performance, validity and enforceability of, this Agreement and the transactions contemplated by this Agreement, have been (or will on or before the Delivery Date have been) obtained or effected (as appropriate) and are (or will on their being obtained or effected be) in full force and effect;

(f) **No Immunity**: in the State of Incorporation and in all other jurisdictions where Lessee carries on business:

(i) Lessee is subject to civil commercial law with respect to its obligations under this Agreement; and

(ii) neither Lessee nor any of its assets is entitled to any right of immunity and the entry into and performance of this Agreement by Lessee constitute private and commercial acts; and

(g) **Accounts**: except as disclosed therein, the audited consolidated accounts of Lessee and its Subsidiaries most recently delivered to Lessor:-

(i) have been prepared in accordance with accounting principles and practices generally accepted and consistently applied in the State of Incorporation; and

(ii) fairly represent the consolidated financial condition of Lessee and its Subsidiaries as at the date to which they were drawn up.

2.2 **Lessee's Further Representations and Warranties**: Lessee further represents and warrants to Lessor that:-

(a) **No Default**:

(i) no Default has occurred and is continuing or might result from the entry into or performance of this Agreement; and

(ii) no other event has occurred and is continuing which constitutes (or with the giving of notice, lapse of time, determination of materiality or the fulfilment of any other applicable condition or any combination of the foregoing, might constitute) a material default under any document which is binding on Lessee or any assets of Lessee;

(b) **Registration**:

(i) it is not necessary or advisable under the laws of the State of Incorporation, the State of Registration or the Habitual Base in order to ensure the validity, effectiveness and enforceability of this Agreement or to, establish, perfect or protect the property rights of Lessor or any Lenders in the Aircraft or any Engine or Part or under any Lessor Security Interest that this Agreement or any other instrument relating thereto be filed, registered or recorded or that any other action be taken or if any such filings, registrations, recordings or

other actions are necessary or advisable, the same have been effected or will have been effected on or before the Delivery Date; and

(ii) under the laws of the State of Incorporation, the State of Registration and the Habitual Base the property rights of Lessor and the Lenders in the Aircraft and under any Lessor Security Interest have been fully established, perfected and protected and this Agreement will have priority in all respects over the claims of all creditors of Lessee;

(c) **Litigation**: no litigation, arbitration or administrative proceedings are pending or to its knowledge threatened against Lessee which, if adversely determined, would have a material adverse effect upon its financial condition or business or its ability to perform its obligations under this Agreement;

(d) **Pari Passu**: the obligations of Lessee under this Agreement rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of Lessee, with the exception of such obligations as are mandatorily preferred by law and not by virtue of any contract;

(e) **Material Adverse Change**: except as disclosed by Lessee to Lessor, there has been no material adverse change in the consolidated financial condition of Lessee and its Subsidiaries or the financial condition of Lessee since the date to which the accounts most recently provided to Lessor on or prior to the Delivery Date were drawn up;

(f) **Taxes**: Lessee has delivered all necessary returns and payments due to the tax authorities in the State of Incorporation, the State of Registration and the Habitual Base and, and except for a withholding tax of in respect of payments hereunder (for which Lessee has an exemption under current law) (in respect of which the provisions of Clause 5.6 are fully effective), is not required by law to deduct any Taxes from any payments under this Agreement; and

(g) **Information**: the financial and other information furnished by Lessee in connection with this Agreement (including, without limitation, in relation to the future business strategy of the Lessee and the investments to be made in the Lessee by external investors) is materially true, complete and accurate and does not contain any untrue statement or omit to state facts, the omission of which makes the statements therein, in the light of the circumstances under which they were made, misleading, nor omits to disclose any material matter to Lessor and all forecasts and opinions contained therein were honestly made on reasonable grounds after due and careful enquiry by Lessee.

2.3 **Repetition**: The representations and warranties in Clause 2.1 and Clause 2.2 will survive the execution of this Agreement. The representations and warranties contained in Clause 2.1 and Clause 2.2 will be deemed to be repeated by Lessee on the Delivery Date with reference to the facts and circumstances then existing. The representations and warranties contained in Clause 2.1 will be deemed to be repeated by Lessee on each Rent Date as if made with reference to the facts and circumstances then existing.

2.4 **Lessor's Representations and Warranties**: Lessor represents and warrants to Lessee that:-

(a) **Status**: Lessor is a company duly incorporated and validly existing under the laws of the jurisdiction of its incorporation and has the corporate power to own its assets and carry on its business as it is now being conducted;

(b) **Power and authority**: Lessor has the corporate power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of, this Agreement and the transactions contemplated by this Agreement;

(c) **Legal validity**: this Agreement constitutes Lessor's legal, valid and binding obligation;

(d) **Non-conflict**: the entry into and performance by Lessor of, and the transactions contemplated by, this Agreement do not and will not:-

(i) conflict with any laws binding on Lessor; or

(ii) conflict with the constitutional documents of Lessor; or

(iii) conflict with any document which is binding upon Lessor or any of its assets;

(e) **Authorisation**: So far as concerns the obligations of Lessor, all authorisations, consents, registrations and notifications required under the laws of the Republic of Liberia in connection with the entry into, performance, validity and enforceability of, and the transactions contemplated by, this Agreement by Lessor have been (or will on or before the Delivery Date have been) obtained or effected (as appropriate) and are (or will on their being obtained or effected be) in full force and effect; and

(f) **No Immunity**:

(i) Lessor is subject to civil commercial law with respect to its obligations under this Agreement; and

(ii) neither Lessor nor any of its assets is entitled to any right of immunity and the entry into and performance of this Agreement by Lessor constitute private and commercial acts.

3. CONDITIONS PRECEDENT

3.1 **Conditions Precedent**: Lessor's obligation to deliver and lease the Aircraft under this Agreement is subject to satisfaction of each of the conditions set out in Schedule 7 within the periods of time therein specified.

3.2 **Further conditions precedent**: The obligations of Lessor to deliver and lease the Aircraft under this Agreement are subject to the further conditions precedent that:-

(a) the representations and warranties of Lessee under Clauses 2.1 and 2.2 are correct and would be correct if repeated on delivery of the Aircraft under this Agreement; and

(b) no Default has occurred and is continuing or might result from the leasing of the Aircraft to Lessee under this Agreement.

3.3 **Waiver**: The conditions specified in Clauses 3.1 and 3.2 are for the sole benefit of Lessor and may be waived or deferred in whole or in part and with or without conditions by Lessor. If any of those conditions are not satisfied on the Delivery Date and Lessor (in its absolute discretion) nonetheless agrees to deliver the Aircraft to Lessee,then, subject to any express provision of this Agreement to the contrary, Lessee will ensure that those conditions are fulfilled within 10 days after the Delivery Date and Lessor may treat Lessee' s failure to do so as an Event of Default.

4. **COMMENCEMENT**

4.1 **Leasing**:

(a) Lessor will lease the Aircraft to Lessee and Lessee will take the Aircraft on lease in accordance with this Agreement for the duration of the Term.

(b) After delivery and throughout the Term the Aircraft and every Part will be in every respect at the sole risk of Lessee, who will bear all risk of loss, theft, damage or destruction to the Aircraft from any cause whatsoever.

4.2 **Delivery**:

(a) The Aircraft will be delivered to and accepted by Lessee at the Delivery Location or such other location as may be agreed.

(b) The Aircraft will be delivered to and accepted by Lessee immediately after the Aircraft is acquired by Lessor. Lessor shall keep Lessee informed of the anticipated timing for completion by Lessor of the purchase of the Aircraft. Completion of the purchase of the Aircraft by Lessor shall be conclusive evidence of the commencement of the Term. Lessor shall not accept delivery of the Aircraft if the Aircraft is not substantially in the condition at the time of the Predelivery Inspections, fair wear and tear only excepted.

(c) Lessee will effect acceptance of the Aircraft by execution and delivery to Lessor of the duly completed and executed Certificate of Acceptance in the form of Schedule 2, but failure of Lessee to do this shall not affect the time as from which the Term shall commence, as determined under Clause 4.2(b).

(d) Upon delivery of the Aircraft to Lessee, Lessee shall pay to Lessor the value of fuel on board the Aircraft on the Delivery Date at the price prevailing at the delivery location.

4.3 **Delayed Delivery:** If:-

(a) any seller, manufacturer or existing lessee of the Aircraft delays the delivery of, or fails to deliver, the Aircraft to Lessor for any reason (other than because of any default of Lessor in the performance of its obligations under an agreement with

that seller, manufacturer or lessee unless the default arises from any act or omission of Lessee) whether or not in circumstances entitling that seller, manufacturer or lessee to terminate that agreement;

(b) there is Excusable Delay; or

(c) there is notification of any defect or non-conformity pursuant to Clause 4.5;

and this causes Lessor to delay the delivery of, or to fail to deliver, the Aircraft under this Agreement then, in each such case:-

(i) Lessor will not be responsible for any losses, including loss of profit, costs or expenses arising from or in connection with the delay or failure suffered or incurred by Lessee;

(ii) subject to Clause 4.5, Lessee will not be entitled to terminate this Agreement or to reject the Aircraft when tendered for delivery by Lessor, on the grounds of any such delay;

(iii) upon any termination pursuant to Clause 4.5 neither Lessor nor Lessee will have any further obligation to the other under this Agreement other than as expressly set out in this Agreement, except that Lessor will rebate to Lessee the amount of any Aircraft Commitment Fee paid under this Agreement and return the Guarantee to Lessee.

4.4 **Licences:** Lessee at its expense will obtain all licences, permits and approvals which may be necessary to export the Aircraft from the Delivery Location and for registration of the Aircraft with the Air Authority of the State of Registration on the Delivery Date. Lessor will furnish such data and information as may be reasonably requested by Lessee in connection with obtaining any such licence, permit or approval.

4.5 **Inspection:** Prior to the Delivery Date, subject to any applicable purchase or lease agreement, Lessor will give Lessee an opportunity:-

(a) to re-inspect the Aircraft at the Delivery Location; and

(b) to assign up to 2 representatives to participate as observers in a demonstration flight to demonstrate the condition of the Aircraft.

If Lessee notifies Lessor promptly prior to the Delivery Date of any defect or non-conformity with Schedule 1 observed during the inspection or demonstration flight which did not exist at the time of the Predelivery Inspections, Lessor will seek to correct or procure the correction of the defect or non-conformity as promptly as practicable (except to the extent otherwise agreed or to the extent in the opinion of Lessor it is impracticable or prohibitively expensive to do so). Subject to Clause 4.3, Lessor may postpone the Delivery Date in such a case to the date which Lessor notifies Lessee that the defect or non-conformity has been rectified. However, Lessee has already inspected the Aircraft and accepted it, so this inspection is only to verify that

the Aircraft is still in the same or better condition than at the time of the Predelivery Inspections.

4.6 **Consequences of delay in registration of the Aircraft with the Air Authority of the State of Registration on the Delivery Date.** In case for any reason there is delay in registration of the Aircraft with the Air Authority of the State of Registration on the Delivery Date, that shall not affect the validity of the delivery of the Aircraft by Lessor to Lessee under this Agreement, and all Lessee's obligations under this Agreement shall apply as from the Delivery Date. However, in such case Lessee shall use its best efforts to expedite the registration of the Aircraft with the Air Authority of the State of Registration , and all consequences of such delay shall be borne and paid for by Lessee including (without limitation) costs of parking and storage of the Aircraft, maintenance and security charges for the Aircraft and payments that Lessor is required to make to maintain the registration of the Aircraft with the FAA or with the Air Authority of the State of Registration.

4.7 **Indemnity**: Lessee will indemnify and hold harmless the Indemnitees from and against all Claims (as defined in Clause 10) arising from death or injury to any observer or any employee of Lessee in connection with any demonstration flight or inspection of the Aircraft by Lessee.

5. **PAYMENTS**

5.1 **Aircraft Commitment Fee**: Lessee will pay to Lessor Aircraft Commitment Fees as follows:

(a) $370,000 before signing this Agreement, the receipt of which is hereby acknowledged***;*** and

(b) $740,000 no later than 5 days after the date of this Agreement; and

(c) $1,080,000 no later than the Delivery Date.

Lessor, at its discretion, may use Aircraft Commitment Fees to pay amounts due by the Lessee under this Agreement that are overdue and unpaid. In such case, Lessee will pay to Lessor an amount equal to the amount so applied within 5 days after Lessor has given Lessee written notice requiring such reinstatement.

5.2 **Rental Periods**: The Term will be divided into Rental Periods. The first Rental Period will commence on the Delivery Date and each subsequent Rental Period will commence on the date succeeding the last day of the previous Rental Period. Each Rental Period will end on the date immediately preceding the numerically corresponding day in the next month except that:-

(a) if there is no such numerically corresponding day in that month, it will end on the last day of that month; and

(b) if a Rental Period would otherwise overrun the Expiry Date, it will end on the Expiry Date.

5.3 **Rent:**

(a) Lessee will pay to Lessor or to its order Rent in advance on each Rent Date.

(b) If a Rental Period begins on a non-Business Day, the Rent payable for that Rental Period shall be paid on the immediately preceding Business Day.

(c) Subject to Clause 5.3(d), the amount of Rent to be paid on each Rent Date shall $370,000. This figure is calculated on the basis of a 30 day month, and Rent will in fact be payable by reference to the actual number of days in each month.

(d) The amounts due in respect of Rent shall be increased by 3% per annum, such increases to take effect on the 2nd and 4th anniversaries of the Delivery Date.

5.4 **Supplemental Rent**:

(a) **Amount**: Lessee will further pay to Lessor Supplemental Rent in relation to each Rental Period (including without limitation the last Rental Period of the Term) in arrears within 10 days after the end of each Rental Period as follows:-

(i) in respect of the Airframe, $15,500 per month in respect of 4C/6Y maintenance requirements (“Airframe 4C/6Y Check Supplemental Rent"); and $8,000 per month in respect of the 8C/12Y maintenance requirements (“Airframe 8C/12Y Check Supplemental Rent");

(iii) in respect of each Engine, $175 for each Flight Hour operated by that Engine during that Rental Period (“Engine Supplement Rent”); and

(iv) in respect of each Engine, $100 for each Cycle operated by that Engine during that Rental Period (“Engine LLP Supplemental Rent”); and

(v) in respect of the APU, $65 for each Flight Hour operated by the APU during that Rental Period ("APU Supplemental Rent"); and

(vi) in respect of the Landing Gear, $5,000 per month ("Landing Gear Supplemental Rent"); and

(b) **Adjustment**: The amounts of Supplemental Rent shall be adjusted based on the following:

(i) by increasing the amounts of each item of Supplemental Rent by 4% per annum; and

(ii) in addition to the increase under Clause 5.4(b)(i), by adjustment by reference to changes, upwards or downwards, in the Consumer Price Index released by the Bureau of Labor Statistics, United States Department of Labor since 1 January,

2007, on the basis that the amounts of Supplemental Rent specified above are applicable using the Consumer Price Index as at 1 January, 2007; and

(iii) by adjustment by reference to the actual hour to cycle ratio of the operation of the Aircraft, the amounts of Engine Supplemental Rent, Engine LLP Supplemental Rent and APU Supplemental Rent being based on the assumption that the operation of the Aircraft during the Term will, on average, be not less than 1.2 Flight Hours for each 1 Cycle, so that these items of Supplemental Rent shall be adjusted upwards if the Flight Hour to Cycle ratio falls below that (but shall not be adjustable downwards); and

(iv) by adjustment upwards of the amounts of Engine Supplemental Rent, Engine LLP Supplemental Rent and APU Supplemental Rent by reference to the actual number of hours that the Aircraft shall operate, the amounts of Engine Supplemental Rent, Engine LLP Supplemental Rent and APU Supplemental Rent being based on the assumption that, during the Term, on average, the Aircraft will operate for 200 hours per month, but so that these amounts (before adjustment) are minimum requirements;

(v) by adjustment by reference to the actual Engine thrust rating, Engine Supplemental Rent being based on the assumption of an assumed Engine thrust rating of 26,500lbs; and

(vi) by adjustment by reference to Manufacturer's recommendations, industry experience and any change in the operational environment of the Aircraft.

The adjustments in respect of paragraphs (i) and (ii) shall take place annually in arrears as from the Delivery Date (so that the first revision shall take effect on the first anniversary of the Delivery Date, and shall apply for the second year, and so on), but the adjustments in respect of paragraphs (iii), (iv), (v) and (vi) shall be made monthly in arrears, so that each of these Supplemental Rent Payments will be adjusted by reference to the actual facts for the preceding month.

5.5 **Payments**: All payments by Lessee to Lessor under this Agreement will be made for value on the due date in Dollars and in same day funds settled through the New York Clearing House System or such other funds as may for the time being be customary for the settlement in New York City of international payments in Dollars by telegraphic transfer to:-

BANK UBS
Rue du Rhone, 8
P.O.Box 2600
CH-1211 GENEVA 2
SWIFT : UBSWCHZH12A

BENEFICIARY : WALLIS TRADING INC.
ACOUNT No. 279-C0646279.0
IBAN : CH6400279279C06462790

or to such other bank and/or account as Lessor may advise Lessee in writing from time to time.

5.6 **Gross-up**:

(a) All payments by Lessee under or in connection with this Agreement will be made without set-off, cross-claim or counterclaim, free and clear of and without deduction for or on account of all Taxes except Tax deductions which Lessee is required by law to make and free and clear of and without deduction for or on account of bank charges or other deductions;

(b) all Taxes (other than Lessor Taxes) in respect of payments under this Agreement shall be for the account of and will be paid by Lessee for its own account prior to the date on which penalties apply;

(c) if Lessee is required by law to make a tax deduction from any payment under this Agreement***:***

(i) Lessee shall notify Lessor as soon as Lessee becomes aware of the requirement;

(ii) Lessee shall pay the tax deducted to the appropriate taxation authority promptly, and in any event before any fine or penalty arises;

(iii) the amount due in respect of the payment shall be increased by the amount necessary to ensure that Lessor receives and retains (free from any liability relating to the tax deduction) a net amount which, after the tax deduction, is equal to the full amount which it would otherwise have received; and

(iv) within 1 month after making any tax deduction, Lesse shall deliver to Lessor documentary evidence satisfactory to Lessor that the tax had been paid to the appropriate taxation authority.

(d) If Lessor receives for its own account a repayment or credit in respect of tax of which ***Lessee*** has made an increased payment under Clause 5.7 (c) then ***Lessor*** shall pay to ***Lessee*** a sum equal to the proportion of the repayment or credit which ***Lessor*** allocates to the amount due from ***Lessee*** in respect of which ***Lessee*** made the increased payment.

5.7 **Taxation**: Lessee will on demand pay and indemnify the Indemnitees against all Taxes (other than Lessor Taxes) levied or imposed against or upon the Indemnitees or Lessee and relating to or attributable to Lessee, this Agreement or the Aircraft directly or indirectly in connection with the importation, exportation, registration, ownership, leasing, sub-leasing, purchase, delivery, possession, use, operation, repair, maintenance, overhaul, transportation, landing, storage, presence or redelivery of the Aircraft or any

part thereof or any rent, receipts, insurance proceeds, income or other amounts arising therefrom.

5.8 **Value Added Tax**:

(a) For the purposes of this sub-clause:-

(i) "VAT" means value added tax and any sales or turnover tax, imposition or levy of a like nature;

(ii) "supply" includes anything on which VAT is chargeable;

(b) Lessee will pay to Lessor the amount of any VAT chargeable in respect of any supply for VAT purposes under this Agreement; and

(c) each amount stated as payable by Lessee under this Agreement is exclusive of VAT (if any) and is accordingly to be construed as a reference to that amount plus any VAT in respect of it.

5.9 **Information**: If Lessee is required by any applicable law, or by any third party, to deliver any report or return in connection with any Taxes, Lessee will complete the same in a manner satisfactory to Lessor and in particular will state therein that Lessee is exclusively responsible for the use and operation of the Aircraft and for any Taxes arising therefrom, and Lessee will, on request supply a copy of the report or return to Lessor.

5.10 **Taxation of Indemnity Payments**:

(a) If and to the extent that any sums payable to Lessor by Lessee under this Agreement by way of indemnity are insufficient, by reason of any Taxes payable in respect of those sums, for Lessor to discharge the corresponding liability to the relevant third party (including any taxation authority), or to reimburse Lessor for the cost incurred by it to a third party (including any taxation authority) Lessee will pay to Lessor such sum as will after the tax liability has been fully satisfied leave Lessor with the same amount as it would have been entitled to receive in the absence of that liability together with interest on the amount of the deficit at the rate of interest stated in Clause 5.11 in respect of the period commencing on the date on which the payment of taxation is finally due until payment by Lessee (both before and after judgment); and

(b) If and to the extent that any sums constituting (directly or indirectly) an indemnity to Lessor but paid by Lessee to any person other than Lessor are treated as taxable in the hands of Lessor, Lessee will pay to Lessor such sum as will after the tax liability has been fully satisfied indemnify Lessor to the same extent as it would have been indemnified in the absence of such liability together with interest on the amount payable by Lessee under this sub-clause at the rate of interest stated in Clause 5.11 in respect of the period commencing on the date on which the payment of taxation is finally due until payment by Lessee (both before and after judgment).

5.11 **Default Interest**: If Lessee fails to pay any amount payable under this Agreement on the due date, Lessee will pay on demand from time to time to Lessor interest (both before and after judgment) on that amount, from the due date to the date of payment in full by Lessee to Lessor, at the rate calculated by Lessor to be the one month Dollar LIBOR rate plus 500 basis points per annum. All such interest will be compounded monthly and calculated on the basis of the actual number of days elapsed and a 360 day year.

5.12 **Contest**: If Lessee disputes the payment of any Taxes payable by Lessor for which Lessee is responsible under this Agreement, Lessor will consider with Lessee the taking of such action as Lessee may reasonably request at Lessee's expense to contest that payment but will not be obliged to take any such action:-

(a) which Lessor considers in its sole discretion may prejudice it; or

(b) which Lessor considers does not have a reasonable prospect of success; or

(c) for which Lessee has not made adequate provision to the satisfaction of Lessor in respect of the expense concerned.

5.13 **Absolute**: Lessee's obligations under this Agreement are absolute and unconditional irrespective of any contingency whatsoever including (but not limited to):-

(a) any right of set-off, counterclaim, recoupment, defence or other right which either party to this Agreement may have against the other;

(b) any unavailability of the Aircraft for any reason, including, but not limited to, a requisition of the Aircraft or any prohibition or interruption of or interference with or other restriction against Lessee's use, operation or possession of the Aircraft;

(c) any lack or invalidity of title or any other defect in title, airworthiness, merchantability, fitness for any purpose, condition, design, or operation of any kind or nature of the Aircraft for any particular use or trade, or for registration or documentation under the laws of any relevant jurisdiction, or any Event of Loss in respect of or any damage to the Aircraft;

(d) any insolvency, bankruptcy, reorganisation, arrangement, readjustment of debt, dissolution, liquidation or similar proceedings by or against Lessor or Lessee;

(e) any invalidity or unenforceability or lack of due authorisation of, or other defect in, this Agreement; and

(f) any other cause which but for this provision would or might otherwise have the effect of terminating or in any way affecting any obligation of Lessee under this Agreement.

5.14 **Security:**

(a) It is intended by Lessor and Lessee that Aircraft Commitment Fees payable by Lessee to Lessor pursuant to Clause 5.1 and Supplemental Rent payable by Lessee to Lessor pursuant to Clause 5.4 are amounts paid by Lessee to Lessor in consideration for Lessor removing the Aircraft from the market, the use of the Aircraft by Lessee and the satisfaction of Lessee's obligations under this Agreement and that, once paid, those monies irrevocably and unconditionally shall be the property of Lessor. However, if and to the extent that all or any part of those monies, under any applicable law or otherwise, are determined to be security deposits or otherwise the property of Lessee or if it is so determined those monies are a debt owed to Lessee or that Lessee shall have any interest in those monies and any interest (the "Charged Monies"), then subclauses (b), (c) and (d) shall apply;

(b) To the fullest extent permitted by law and by way of continuing security Lessee charges, pledges and grants security in the Charged Monies and all rights of Lessee to payment thereof, the debt represented thereby and/or any and all interest of Lessee therein to Lessor by way of first priority charge, pledge and security interest as security for Lessee's obligations and liabilities under this Agreement and the Other Agreements (the "Secured Liabilities"). Except as expressly permitted under this Agreement, Lessee will not be entitled to payment of the Charged Monies. Lessee will not assign, transfer or otherwise dispose of all or part of its rights in the Charged Monies and Lessee agrees that it will enter into any additional documents and instruments necessary or reasonably requested by Lessor to evidence, create or perfect Lessor's rights to the Charged Monies;

(c) If Lessee fails to comply with any provision of this Agreement or any Event of Default has occurred and is continuing Lessor may immediately or at any time thereafter, without prior notice to Lessee:-

(i) set-off all or any part of the Secured Liabilities against the liabilities of Lessor in respect of the Charged Monies; or

(ii) apply or appropriate the Charged Monies in or towards the payment or discharge of the Secured Liabilities in such order as Lessor sees fit; and

(d) if Lessor has exercised the set-off described in sub-clause (c) above, Lessee shall, following a demand in writing from Lessor, promptly restore the Charged Monies to the level at which they stood immediately prior to such set-off.

5.15 **Guarantee**:

(a) Within three(3) Business Days after signing this Agreement, and in any event no later than close of business on 10 October, 2007 Lessee will provide Lessor with the Guarantee, duly issued by the Guarantor, in form and substance acceptable to Lessor, effective at any time or times until 60 days after the Expiry Date.

(b) In case, by such date, the requirement of Clause 5.15 (a) shall not have been fulfilled then, if Lessor agrees to give a temporary waiver in writing of such conditions (determination of which shall be made by Lessor at its discretion) until the Guarantee is provided:

(i) Lessee shall pay an additional Rent of $60,000 for each complete month as from the Delivery Date in respect of which the Guarantee remains outstanding;

(ii) Lessee shall arrange for Lessor to be provided immediately with security in all respects acceptable to Lessor in respect of performance by Lessee of all its obligations under this Agreement having a value of at least $1,000,000, such security to be held by Lessor until the Guarantee has been provided, when such security will then be returned; and

(iii) the Aircraft may be registered in a jurisdiction selected by Lessor, all costs of which shall be paid by Lessee, and/or direct insurance arrangements to international insurance markets may be required by Lessor.

(c) In case of Lessor consent to a change of control of Lessee pursuant to Clause 13.1(o), the Guarantee will remain valid unless otherwise agreed in writing by Lessor.

6. MANUFACTURER'S WARRANTIES

6.1 **Assignment**: Notwithstanding this Agreement, Lessor will remain entitled to the benefit of each warranty, express or implied, with respect to the Aircraft, any Engine or Part so far as concerns any manufacturer, vendor, subcontractor or supplier. Except to the extent Lessor otherwise directs, Lessor hereby authorises Lessee to pursue any claim thereunder in relation to defects affecting the Aircraft, any Engine or Part and Lessee agrees diligently to pursue any such claim which arises at its own cost. Lessee will notify Lessor promptly upon becoming aware of any such claim.

6.2 **Proceeds**: Except to the extent Lessor otherwise agrees in a particular case, all proceeds of any such claim will be paid directly to Lessor but if and to the extent that such claim relates:-

(a) to defects affecting the Aircraft which Lessee has rectified; or

(b) to compensation for loss of use of the Aircraft, an Engine or any Part during the Term; and

provided no Default has occurred and is continuing the proceeds will be paid to Lessee by Lessor but in the case of (a) only on receipt of evidence satisfactory to Lessor that Lessee has rectified the relevant defect.

6.3 **Parts**: Except to the extent Lessor otherwise agrees in a particular case, Lessee will procure that all engines, components, furnishings or equipment provided by the manufacturer, vendor, subcontractor or supplier in replacement of a defective Engine or Part pursuant to the terms of any warranty will be installed promptly by Lessee and that title thereto free of Security Interests vests in Lessor. On installation those items will be deemed to be an Engine or Part as applicable.

6.4 **Agreement**: To the extent any warranties relating to the Aircraft are made available under an agreement between any manufacturer, vendor, subcontractor or supplier and Lessee, this Clause 6 is subject to that agreement. However Lessee will:-

(a) pay the proceeds of any claim thereunder to Lessor to be applied pursuant to Clause 6.2 and pending such payment will hold the claim and the proceeds on trust for Lessor; and

(b) Lessee will take all such steps as are necessary at the end of the Term to ensure the benefit of any of those warranties which have not expired are vested in Lessor.

7. LESSOR'S COVENANTS

7.1 **Quiet Enjoyment**: Lessor will not interfere with the quiet use, possession and enjoyment of the Aircraft by Lessee but the exercise by Lessor of its rights under or in connection with this Agreement will not constitute such interference.

7.2 **Maintenance Contribution**: Provided no Default has occurred and is continuing, and subject to the other provisions of this Agreement, Lessor will pay to Lessee, by way of contribution to the cost of maintenance of the Aircraft, upon submission to Lessor or to the Lessor Representative within 6 months of the commencement of that maintenance by Lessee and before the Expiry Date of invoices and supporting documentation required by, and reasonably satisfactory to, Lessor evidencing:-

(a) with respect to the Airframe, the completion, in accordance with this Agreement, of those items of maintenance characterised by the MPD as "4C/6Y", the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of Airframe C4C/6Y Check Supplemental Rent paid under this Agreement at the time of commencement of such maintenance less the aggregate amount previously paid by Lessor under this sub-clause **Provided** that no reimbursement shall be made in respect of (A) components unless they are scheduled to be overhauled at that check and their lives are fully restored and (B) any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects, faulty maintenance or operational mishandling (whether or not eligible for recovery under Lessee's insurance),;

(b) with respect to the Airframe, the completion, in accordance with this Agreement, of those items of maintenance characterised by the MPD as "8C/12Y", the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of Airframe 8C/12Y Check Supplemental Rent paid under this Agreement at the time of commencement of such maintenance less the aggregate amount previously paid by Lessor under this sub-clause **Provided** that no reimbursement shall be made in respect of (A) components unless they are scheduled to be overhauled at that check and their lives are fully restored and (B) any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects, faulty maintenance or operational mishandling (whether or not eligible for recovery under Lessee's insurance),;

(c) with respect to any Engine, the performance, in accordance with this Agreement, of each Engine Performance Restoration pursuant to latest revision of the manufacturers workscope planning guide, the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of Engine Supplemental Rent paid in respect of that Engine under this Agreement at the time of commencement of such maintenance less the aggregate amount previously paid in respect of that Engine by Lessor under this sub-clause, but excluding any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects including ingestion damage, faulty maintenance or operational mishandling (whether or not eligible for recovery under Lessee's insurance). The costs for transportation, incoming additional engine test cell runs and on-condition component repair, modification or overhaul is for the account of Lessee and is not eligible for reimbursement under this Clause;

(d) with respect to any Engine, the performance, in accordance with this Agreement, of all Engine Life Limited Parts Replacement the lesser of (i) the amount of that invoice; and (ii) an amount equal to the aggregate amount of Engine LLP Maintenance Reserves paid under this Agreement with respect to such Engine at the time of commencement of such maintenance less the aggregate amount previously paid by Lessor with respect to such Engine under this sub-clause but excluding any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects including ingestion damage, faulty maintenance or operational mishandling (whether or not eligible for recovery under Lessee's insurance);

(e) with respect to the APU, the performance, in accordance with this Agreement, of each APU Performance Restoration pursuant to the Approved Maintenance Programme, the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of APU Supplemental Rent paid under this Agreement at the time of commencement of such maintenance less the aggregate amount previously paid by Lessor under this sub-clause , but excluding any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects including ingestion damage, faulty maintenance or operational mishandling (whether or not eligible for recovery under Lessee's insurance). The costs for transportation, additional test runs is for the account of Lessee and is not eligible for reimbursement under this Clause; and

(f) with respect to the Landing Gear, the performance in accordance with this Agreement, of all work on the Landing Gear in the nature of overhaul and requiring removal and disassembly the lesser of (i) the amount of that invoice and (ii) an amount equal to the aggregate amount of Landing Gear Supplemental Rent paid under this Agreement at the time of commencement of such maintenance less the aggregate amount previously paid by Lessor under this sub-clause **provided** that no reimbursement shall be made in respect of (i) any component unless it forms part of the Landing Gear and is scheduled to be overhauled at that time and their lives are fully restored and (ii) any maintenance resulting from design faults or damage covered by warranty or caused by accidental damage, foreign objects, faulty maintenance or operational mishandling.

If and to the extent that the amount of any invoice in respect of which payment may be subject to operation of the provisions of this Clause exceeds the amount that Lessor is liable to pay, Lessee shall be responsible for payment of the full amount of such excess.

If Lessee receives any payment from any relevant manufacturer pursuant to any relevant warranty or other support arrangements in respect of labour and materials consumed and parts installed or in respect of any price paid by Lessee in respect of the Airframe, the APU, any Engine Life Limited Part, any Engine and/or the Landing Gear in respect of which sums would, but for this paragraph, have been payable by Lessor then Lessor shall have no liability to make payment hereunder,

7.3 **Lessor Obligations Following Expiry Date**: Within 15 Business Days of:-

(a) redelivery of the Aircraft to Lessor in accordance with and in the condition required by this Agreement on the Expiry Date; or

(b) payment to Lessor of the Agreed Value following an Event of Loss after the Delivery Date;

or in each case such later time as Lessor is satisfied Lessee has irrevocably paid to Lessor all amounts which may then be outstanding or become payable under this Agreement and under the Other Agreements, Lessor will pay to Lessee:-

(i) by way of rebate of rental, the aggregate amount of Aircraft Commitment Fees then held by the Lessor (including the Aircraft Commitment Fee paid under Clause 5.1(a), which is non-refundable, however become refundable after delivery of the aircraft under the lease at the Expiry Date); and

(ii) the amount of interest that has accrued on the aggregate amount of Aircraft Commitment Fees that is payable under Clause 7.4; and

(iii) the amount of any Rent received in respect of any period falling after the date of redelivery of the Aircraft or payment of the Agreed Value, as the case may be.

7.4 Lessor Obligations in relation to Aircraft Commitment Fees: Subject to no default having occurred under this Agreement or any of the Other Agreements, Lessor will credit interest to Lessee (net of any taxes paid) on the aggregate amount of Aircraft Commitment Fees then held by the Lessor (including the Aircraft Commitment Fee paid under Clause 5.1(a), which is non-refundable), on or after the Expiry Date, at the time when Lessee shall have fulfilled all its obligation under this Agreement and each of the Other Agreements. This interest shall be released to Lessee with the Aircraft Commitment Fees to be rebated under Clause 7.3(b).

8. LESSEE'S COVENANTS

8.1 **Duration**: The undertakings in this Clause and in Clause 12 will:-

(a) except as otherwise stated, be performed at the expense of Lessee;

(b) remain in force until the Expiry Date in accordance with this Agreement and thereafter to the extent of any accrued rights of Lessor in relation to those undertakings.

8.2 **Information**: Lessee will:-

(a) notify Lessor forthwith of the occurrence of any Default or any other event which might adversely affect Lessee's ability to perform any of its obligations under this Agreement;

(b) **furnish to Lessor**:-

(i) on a quarterly basis, the consolidated management accounts of Lessee (comprising a balance sheet and profit and loss statement) prepared for the most recent previous financial quarter;

(ii) as soon as available but not in any event later than 90 days after the last day of each financial year of Lessee, its audited consolidated balance sheet as of such day and its audited consolidated profit and loss statement for the year ending on such day;

(iii) within 30 days after the commencement of each financial year of Lessee, the management budget for the Lessee and all of its Subsidiaries for that financial year;

(iv) at the same time as it is issued to the shareholders or creditors of Lessee, a copy of each notice or circular issued to Lessee's shareholders or creditors as a group; and

(v) on a quarterly basis, such information as Lessor may request in relation to all other aircraft that it owns, operates and has on order and in relation to the progress of planned investments in Lessee as previously described to Lessor; and

(vi) on request from time to time such other information regarding Lessee and its business and affairs as Lessor may reasonably request.

All accounts ***(audited and unaudited) delivered under this Clause will:***

(x) **be prepared in English, in accordance with all applicable laws and generally accepted international accounting principles consistently applied and in the case of audited accounts be certified by a certified or chartered accountant approved by Lessor;**

(y) **give a true and fair view of the state of affairs of Lessee and its subsidiaries at the date of those accounts and of its profit for the period to which those accounts relate; and**

(z) **fully disclose or provide for all significant liabilities of Lessee and its subsidiaries;**

(c) keep Lessor informed as to current serial numbers of the Engines and of any other engine installed on the Aircraft;

(d) promptly furnish to Lessor all information Lessor from time to time reasonably requests regarding the Aircraft, any Engine or any Part, its use, location and condition including, without limitation, the hours available on the Aircraft and any Engine until the next scheduled check, inspection, overhaul or shop visit, as the case may be;

(e) annually, and otherwise on request, within 10 days after the end of any Rental Period, furnish to Lessor evidence satisfactory to Lessor of payment of all Taxes due during that or any previous Rental Period;

(f) annually, and otherwise on request, furnish to Lessor evidence satisfactory to Lessor that all Taxes and charges incurred by Lessee with respect to the Aircraft, including without limitation all payments due to the relevant air traffic control authorities, have been paid and discharged in full;

(g) provide Lessor with a monthly report on the Aircraft and each Engine in the form of Schedule 6 or in such other form as may be agreed from time to time by Lessor;

(h) provide Lessor on demand with such information as Lessor may reasonably request concerning work being undertaken and payments due to the Agreed Maintenance Provider;

(i) give Lessor not less than 60 days' written notice as to the time and location of all Major Checks; and

(j) promptly notify Lessor of:-

(i) any loss, theft, damage or destruction to the Aircraft, any Engine or any Part, or any modification to the Aircraft if the potential cost may exceed the Damage Notification Threshold; and

(ii) any claim or other occurrence likely to give rise to a claim under the Insurances (but in the case of hull claims only in excess of the Damage Notification Threshold) and details of any negotiations with the insurance brokers over any such claim.

8.3 **Lawful and Safe Operation**: Lessee will:-

(a) comply with the law for the time being in force in any country or jurisdiction which may for the time being be applicable to the Aircraft or, so far as concerns the use and operation of the Aircraft or an owner or operator thereof and take all reasonable steps to ensure that the Aircraft is not used for any illegal purpose;

(b) not use the Aircraft in any manner contrary to any recommendation of the manufacturers of the Aircraft, any Engine or any Part or any recommendation or regulation of the Air Authority or for any purpose for which the Aircraft is not designed or reasonably suitable;

(c) ensure that the crew and engineers employed by it in connection with the operation and maintenance of the Aircraft have the qualifications and hold the licences required by the Air Authority and applicable law;

(d) use the Aircraft solely in commercial or other operations for which Lessee is duly authorised by the Air Authority and applicable law;

(e) not use the Aircraft for the carriage of:-

(i) whole animals living or dead except in the cargo compartments according to I.A.T.A. regulations, and except domestic pet animals carried in a suitable container to prevent the escape of any liquid and to ensure the welfare of the animal;

(ii) acids, toxic chemicals, other corrosive materials, explosives, nuclear fuels, nuclear wastes, or any nuclear assemblies or components, except as permitted for passenger aircraft under the "Restriction of Goods" schedule issued by I.A.T.A. from time to time and provided that all the requirements for packaging or otherwise contained therein are fulfilled;

(iii) any other goods, materials or items of cargo which could reasonably be expected to cause damage to the Aircraft and which would not be adequately covered by the Insurances; or

(iv) any illegal item or substance;

(f) not utilise the Aircraft for purposes of training, qualifying or re-confirming the status of cockpit personnel except for the benefit of Lessee's cockpit personnel, and then only if the use of the Aircraft for such purpose is not disproportionate to the use for such purpose of other aircraft of the same type operated by Lessee;

(g) not cause or permit the Aircraft to proceed to, or remain at, any location which is for the time being the subject of a prohibition order (or any similar order or directive) by:-

(i) any Government Entity of the State of Registration or the Habitual Base; or

(ii) any Government Entity of the country in which such location is situated; or

(iii) any Government Entity having jurisdiction over Lessor, the Lenders or the Aircraft;

(h) at all times, keep Lessor informed of the routes on which the Aircraft is operated and make sure that the Aircraft is operated regularly on international routes; and

(i) obtain and maintain in full force all certificates, licences, permits and authorisations required for the use and operation of the Aircraft for the time being, and for the making of payments required by, and the compliance by Lessee with its other obligations under, this Agreement.

8.4 **Taxes and other Outgoings**: Lessee will promptly pay:-

(a) all licence and registration fees, Taxes (other than Lessor Taxes) and other amounts of any nature imposed by any Government Entity with respect to the Aircraft, including without limitation the purchase, ownership, delivery, leasing, possession, use, operation, return, sale or other disposition of the Aircraft; and

(b) all rent, fees, charges, Taxes (other than Lessor Taxes) and other amounts in respect of any premises where the Aircraft or any Part thereof is located from time to time;

except to the extent that in the reasonable opinion of Lessor such payment is being contested in good faith by appropriate proceedings, in respect of which adequate resources have been provided by Lessee and non-payment of which does not give rise to any material likelihood of the Aircraft or any interest therein being sold, forfeited or otherwise lost or of criminal liability on the part of Lessor or any Bank.

8.5 **Sub-Leasing**: Lessee will not, without the prior written consent of Lessor, which at the Lessor's discretion may be withheld or given on such terms as Lessor may think fit, sub-lease, or part with possession or control of the Aircraft, the Engines or any Part except that Lessee may part with possession (a) with respect to the Aircraft, the Engines or any Part to the relevant manufacturers for testing or similar purposes or to the Agreed Maintenance Performer for service, repair, maintenance or overhaul work, or alterations, modifications or additions to the extent required or permitted by this Agreement, and (b) with respect to an Engine or Part, as expressly permitted by this Agreement.

8.6 **Inspection**:

(a) With reasonable prior notice to Lesseee (provided that no such notice shall be required if a Default shall have occurred), Lessor and any Lessor Representative may at any time

visit, inspect and survey the Aircraft, any Engine or any Part and for such purpose may, subject to any applicable Air Authority regulation, travel on the flight deck as observer;

(b) Lessee will pay to Lessor on demand all reasonable out-of-pocket expenses incurred by Lessor in connection with any such visit, inspection or survey if the same reveals that a Default has occurred; otherwise such expenses shall be paid by Lessor; and

(c) Lessor will:-

(i) have no duty or liability to make, or arising out of any such visit, inspection or survey; and

(ii) so long as no Default has occurred and is continuing, not exercise such right other than on reasonable notice and so as not to disrupt unreasonably the commercial operations of Lessee.

8.7 **Title**: Lessee will:-

(a) not do or knowingly permit to be done or omit or knowingly permit to be omitted to be done any act or thing which might reasonably be expected to jeopardise the rights of Lessor as owner and lessor of the Aircraft or the rights of the Lenders as mortgagee, assignee of this Agreement and as assignee of the Insurances or the validity, enforceability or priority of the Assignment;

(b) on all occasions when the ownership of the Aircraft, any Engine or any Part is relevant, make clear to third parties that title is held by Lessor;

(c) not at any time (i) represent or hold out Lessor or the Lenders as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation or carriage (whether for hire or reward or gratuitously) which may be undertaken by Lessee or (ii) pledge the credit of Lessor or the Lenders;

(d) ensure that there is always affixed, at Lessor's cost, and not removed or in any way obscured, a fireproof plate (having dimensions of not less than 10 cm. x 7 cm.) in a reasonably prominent position on Aircraft and on each Engine stating:-

"This Aircraft/Engine is owned by Wallis Trading Inc., [is subject to a first priority mortgage in favour of [*insert Lender name*] – *if applicable*] and is leased to Air Tanzania Company Limited and may not be operated by any other person without the prior written consent of Wallis Trading Inc.";

(e) not create or permit to exist any Security Interest upon the Aircraft, any Engine or any Part;

(f) not do or permit to be done anything which may reasonably be expected to expose the Aircraft, any Engine or any Part to penalty, forfeiture, impounding, detention, appropriation, damage or destruction and without prejudice to the foregoing, if any such penalty, forfeiture, impounding, detention or appropriation, damage or destruction

occurs, give Lessor notice and use best endeavours to procure the immediate release of the Aircraft, any Engine or the Part, as the case may be;

(g) not abandon the Aircraft, the Engine or any Part;

(h) pay and discharge or cause to be paid and discharged when due and payable or make adequate provision by way of security or otherwise for all debts, damages, claims and liabilities which have given or might give rise to a Security Interest over or affecting the Aircraft, any Engine or any Part; and

(i) not attempt, or hold itself out as having any power, to sell, lease or otherwise dispose of the Aircraft, any Engine or any Part.

8.8 **General**: Lessee will:-

(a) not make any substantial change in the nature of the business in which it is engaged, will preserve its corporate existence (other than in connection with a solvent reconstruction the terms of which have been approved by Lessor, such approval not to be unreasonably withheld), and will conduct its business in an orderly and efficient manner;

(b) conclude with Lessor leases for two additional aircraft of AirbusA320 or A319 type, on the terms previously agreed with Lessor as set out in the Proposal signed by Lessor and Lesse on 19 September, 2007 before Lessee purchases, incurs Financial Indebtedness for or leases any other aircraft in transactions with third parties;

(c) proceed with the restructuring of the business of, and planned investments in Lessee as previously described to Lessor, within the timetable as previously advised to Lessor;

(d) comply with all aircraft purchase contracts that, prior to signing this Agreement, Lessor was advised that Lessee had signed with the Manufacturer; and

(e) ensure that no change will occur in the Habitual Base of the Aircraft without the prior written consent of Lessor.

8.9 **Records**: Lessee will:-

(a) procure that accurate, complete and current records of all flights made by, and all maintenance carried out on, the Aircraft (including in relation to each Engine and Part subsequently installed, before the installation) are kept in the English language; keep the records in such manner as the Air Authority may from time to time require, and ensure that they comply with the recommendations of the manufacturers of the Aircraft, any Engine or any Part. The records will form part of the Aircraft Documents. For the avoidance of doubt, Lessee will ensure that (i) all life limited Parts installed to the Aircraft have full back to birth traceability to the original equipment manufacturer, showing life consumed prior to installation; (ii) records for any damage repairs made to the Aircraft contain FAA and/or JAA approval, a full listing of all materials used, with appropriate material certification and the original documents used to certify the repair, and (iii) records are maintained in English and

in an easy-to-verify format, including separate folders for all different aspects of maintenance carried out on the Aircraft. Lessee will maintain all records and logs required to be maintained as by the Air Authority, the FAA and the EASA;

(b) procure access to a revision service in respect of, and will maintain with appropriate revisions in English, all Aircraft Documents, records, logs, and other materials required by applicable laws and best practice of major international air transport operators in respect of the Aircraft; and

(c) make arrangements so that, at the Delivery Date, Lessor shall be supplied with a copy of all existing Records for the Aircraft in a scanned format carried out by a reputable company approved by Lessor so that Lessee will have no liability at redelivery for missing and or incorrect records for the period prior to the Delivery Date.

8.10 **Protection**: Lessee will:-

(a) maintain the registration of the Aircraft with the Air Authority reflecting (so far as permitted by applicable law) the respective interests of the Lenders and Lessor and not do or suffer to be done anything which might adversely affect that registration; and

(b) do all acts and things (including, without limitation, making any filing or registration with the Air Authority or any other Government Entity) and executing and delivering all documents (including, without limitation, any amendment of this Agreement) as may be required by Lessor:-

(i) following any change or proposed change in the ownership or financing of the Aircraft or in the manner of securing the Lessor's obligations to the Lenders; or

(ii) following any modification of the Aircraft, any Engine or any Part or the permanent replacement of any Engine or Part in accordance with this Agreement, so as to ensure that the rights of Lessor as owner of the Aircraft and under this Agreement and the rights of the Lenders in respect thereof apply with the same effect as before; or

(iii) to establish, maintain, preserve, perfect and protect the rights of Lessor under this Agreement or the interest of Lessor as owner of the Aircraft and the Lenders in respect thereof; or

(iv) to perfect and preserve the respective interests of Lessor and the Lenders in the Aircraft under the terms of the Geneva Convention and the Cape Town Convention (as the case may be) within the State of Registration whenever the State of Registration is a signatory state which has ratified the relevant convention.

8.11 **Maintenance and Repair**: Lessee will:-

(a) keep the Aircraft airworthy in all respects and in good repair and condition;

(b) appoint an Agreed Maintenance Performer approved by Lessor and not change any of the approved Agreed Maintenance Performer, the Agreed Maintenance Programme and/or the schedule of the Agreed Maintenance Programme without the written consent of Lessor;

(c) maintain the Aircraft in accordance with the Agreed Maintenance Programme through the Agreed Maintenance Performer and perform (at the respective intervals provided in the Agreed Maintenance Programme) all Major Checks;

(d) not undertake maintenance by the Agreed Maintenance Performer that shall or may involve maintenance contributions being made by Lessor under Clause 7.2 unless the prior written approval of Lessor has been given both to (i) such work being undertaken by the Agreed Maintenance Performer, and (ii) the terms on which such work is to be undertaken by the Agreed Maintenance Performer (including, without limitation, as to the estimates for the cost of such work);

(e) maintain the Aircraft in accordance with, as advised by Lessor, either (i) FAA Federal Air Regulations Part 121 and any other rules and regulations of the FAA , or (ii) the rules and regulations of the EASA as may be applicable to passenger category aircraft, except to the extent that they conflict with the rules and regulations of the Air Authority;

(f) comply with all mandatory inspection and modification requirements, airworthiness directives, airworthiness certification requirements and similar requirements applicable to the Aircraft, any Engine or Part having a compliance date during the Term or within 180 days after the Expiry Date and which are required by the Air Authority and/or the FAA, EASA and/or the aviation authority of the country of the original equipment Manufacturer for the Aircraft, Engine or Part;

In the event the FAA, EASA and / or the aviation authority of the country of the original equipment manufacturer of the Aircraft, Engine and / or any Part issues any airworthiness directives and / or airworthiness certification requirements , Lessee shall cause such airworthiness directives and / or airworthiness certification requirements to be duly performed by the Agreed Maintenance Performer at Lessee's expense;

In the event that the original equipment manufacturer of the Aircraft, Engines and or Parts issues a mandatory service bulletin which requires that aircraft or engines of the same type or model as the Aircraft, Engines, APU and/or Part be modified or altered, Lessee shall cause such modification or alteration to be duly performed by the Agreed Maintenance Performer at Lessee's expense;

(g) comply with all applicable laws and the regulations of the Air Authority and other aviation authorities with jurisdiction over Lessee or the Aircraft, any Engine or Part regardless of upon whom such requirements are imposed and which relate to the maintenance, condition, use or operation of the Aircraft or require any modification or alteration to the Aircraft, any Engine or Part;

(h) maintain in good standing a current certificate of airworthiness (in the appropriate category for the nature of the operations of the Aircraft) for the Aircraft and comply with all airworthiness certification requirements issued by the Air Authority except where the Aircraft is undergoing maintenance, modification or repair required or permitted by this Agreement and will from time to time provide to Lessor a copy on request;

(i) if required by the Air Authority, maintain a current certification as to maintenance issued by or on behalf of the Air Authority in respect of the Aircraft and will from time to time provide to Lessor a copy on request;

(j) Lessee shall use reasonable efforts to negotiate for a tripartite agreement to be signed between Lessor, Lessee and the Engine Manufacturer (the "Fleet Hour Agreement") in mutually acceptable form and substance, pursuant to which the Engines shall be eligible for full performance of their next Engine Full Performance Restoration, and that Engine Manufacturer shall confirm to Lessor whether or not Lessee is in compliance with the terms of the Fleet Hour Agreement and, upon Lessor's request, provide Lessor with any other relevant information as Lessor may require. In the event that such Fleet Hour Agreement shall be entered into, Lessee shall be relieved of its obligations to make the payments of Supplemental Rent referred to in Clauses 5.4(a) (iii) and (iv) in respect of the Engines.

In the event that such a Fleet Hour Agreement is not concluded between Lessor, Lessee and Engine Manufacturer Lessee shall continue to perform its obligations to make the payments of Supplemental Rent referred to in Clauses 5.4(a) (iii) and (iv) in respect of the Engines and, when an Engine is returned from Engine Maintenance Performer following an Engine Full Performance Restoration, Lessor shallmake the corresponding payments referred to in Clauses 7.2 (c(and (d);

(j) procure promptly the replacement of any Engine or Part which has become time, cycle or calendar expired, lost, stolen, seized, confiscated, destroyed, damaged beyond repair, unserviceable or permanently rendered unfit for use, with an engine or part complying with the conditions set out in Clause 8.13(a); and

(k) not change the Engine trust ratings at which the Engines are used (namely 26,500 lbs) without Lessor consent, and then on such terms as Lessor may require with respect to payment of Supplemental Rent.

8.12 **Removal of Engines and Parts**: Lessee will ensure that no Engine or Part installed on the Aircraft is at any time removed from the Aircraft other than:-

(a) if replaced as expressly permitted by this Agreement; or

(b) if the removal is of an obsolete item and is in accordance with the Agreed Maintenance Programme; or

(c) (i) during the course of maintaining, servicing, repairing, overhauling or testing that Engine or the Aircraft, as the case may be; or

(ii) as part of a normal engine or part rotation programme; or

(iii) for the purpose of making such modifications to the Engine or the Aircraft, as the case may be, as are permitted under this Agreement;

and then in each case only if it is reinstalled or replaced by an engine or part complying with Clause 8.13(a) as soon as practicable and in any event no later than the Expiry Date.

8.13 **Installation of Engines and Parts**: Lessee will:-

(a) ensure that, except as permitted by this Agreement, no engine or part is installed on the Aircraft unless:-

(i) in the case of an engine, it is an engine of the same model as, or an improved or advanced version of the Engine it replaces, which is in the same or better operating condition, has substantially similar hours available until the next scheduled checks, inspections, overhauls and shop visits and has the same or greater value and utility as the replaced Engine;

(ii) in the case of a part, it is in as good operating condition, has substantially similar hours available until the next scheduled checks, inspections, overhauls and shop visits, is of the same or a more advanced make and model and is of the same interchangeable modification status as the replaced Part;

(iii) in each case, it has become and remains the property of Lessor free from Security Interests and on installation on the Aircraft will without further act be subject to this Agreement and the rights of the Lenders as mortgagee; and

(iv) in each case, Lessee has full details as to its source and maintenance records;

(b) if no Default has occurred which is continuing, be entitled to install any engine or part on the Aircraft by way of replacement notwithstanding Clause 8.13(a) if:-

(i) there is not available to Lessee at the time and in the place that that engine or part is required to be installed on the Aircraft, a replacement engine or, as the case may be, part complying with the requirements of Clause 8.13(a);

(ii) it would result in an unreasonable disruption of the operation of the Aircraft and/or the business of Lessee to ground the Aircraft until an engine or part, as the case may be, complying with Clause 8.13(a) becomes available for installation on the Aircraft; and

(iii) as soon as practicable after installation of the same on the Aircraft but, in any event, no later than the Expiry Date, Lessee removes any such engine or part

and replaces it with the Engine or Part replaced by it or by an engine or part, as the case may be, complying with Clause 8.13(a).

8.14 **Non-Installed Engines and Parts**: Lessee will:-

(a) ensure that any Engine or Part which is not installed on the Aircraft (or any other aircraft as permitted by this Agreement) is, except as expressly permitted by this Agreement, properly and safely stored, and kept free from Security Interests;

(b) notify Lessor whenever any Engine is removed from the Aircraft and, from time to time, on request procure that any person to whom possession of an Engine is given acknowledges in writing to Lessor, in form and substance satisfactory to Lessor, that it will respect the interests of the Lenders as mortgagee and Lessor as owner and lessor of the Engine and will not seek to exercise any rights whatsoever in relation to it;

(c) (notwithstanding the foregoing provisions of this sub-clause), be permitted, if no Default has occurred and is continuing, to install any Engine or Part on an aircraft, or in the case of a Part, an engine:-

(i) owned and operated by Lessee free from Security Interests; or

(ii) leased or hired to Lessee pursuant to a lease or conditional sale agreement on a long-term basis and on terms whereby Lessee has full operational control of that aircraft or engine; or

(iii) acquired by Lessee and/or financed or refinanced, and operated by Lessee, on terms that ownership of that aircraft or engine, as the case may be, pursuant to a lease or conditional sale agreement, or a Security Interest therein, is vested in or held by any other person;

provided that in the case of (ii) and (iii):-

(1) the terms of any such lease, conditional sale agreement or Security Interest will not have the effect of prejudicing the interests of the Lenders as mortgagee or Lessor as owner and lessor of that Engine or Part; and

(2) the lessor under such lease, the seller under such conditional sale agreement or the holder of such Security Interest, as the case may be, has confirmed and acknowledged in writing to Lessor, in form and substance satisfactory to Lessor, that it will respect the interest of Lessor as owner and lessor and the Lenders as mortgagee of that Engine or Part and that it will not seek to exercise any rights whatsoever in relation thereto.

8.15 **Pooling of Engines and Parts**: Lessee will not enter into nor permit any pooling agreement or arrangement in respect of an Engine without the prior written consent of Lessor. So long as no Default has occurred and is continuing, Lessee may lease, let or hire or charter or otherwise part with possession of any Part (on terms conferring no more than a contractual right against Lessee but not rights against the Part) pursuant to

pooling arrangements to which Lessee is a party which are acceptable to Lessor in its sole discretion.

8.16 **Equipment Changes**:

(a) Lessee will not make any modification or addition to the Aircraft (each an "Equipment Change"), except for an Equipment Change which:-

(i) is expressly permitted by this Agreement, or

(ii) has the prior written approval of Lessor and which does not diminish the value, utility, condition, or airworthiness of the Aircraft; and

(b) So long as a Default has not occurred and is continuing, Lessee may remove any Equipment Change if it can be removed from the Aircraft without diminishing or impairing the value, utility, condition or airworthiness of the Aircraft.

8.17 **Title on an Equipment Change:**

(a) Title to all Engines and Parts installed on the Aircraft whether by way of replacement, as the result of an Equipment Change or otherwise (except those installed pursuant to Clause 8.13(b)) will on installation, without further act, vest in Lessor subject to this Agreement and the rights of the Lenders as mortgagee free and clear of all Security Interests. Lessee will at its own expense take all such steps and execute, and procure the execution of, all such instruments as Lessor may require and which are necessary to ensure that title so passes to Lessor according to all applicable laws. At any time when requested by Lessor, Lessee will provide evidence to Lessor's satisfaction (including the provision, if required, to Lessor of one or more legal opinions) that title has so passed to Lessor;

(b) Lessor may require Lessee to remove any Equipment Change and to restore the Aircraft to its condition prior to that Equipment Change; and

(c) Except as referred to in Clause 8.17(b) any Engine or Part at any time removed from the Aircraft will remain the property of Lessor until a replacement has been made in accordance with this Agreement and until title in that replacement has passed, according to applicable laws, to Lessor subject to this Agreement and the rights of the Lenders as mortgagee free of all Security Interests whereupon title to the replaced Engine or Part, will, provided no Default has occurred and is continuing, pass to Lessee.

8.18 **Third Party**: Lessee will procure that no person (other than Lessor or any Bank) will act in any manner inconsistent with its obligations under this Agreement and that all persons will comply with those obligations as if references to "Lessee" included a separate reference to those persons.

9. **INSURANCE**

9.1 **Insurances**: Lessee will maintain in full force during the Term insurances in respect of the Aircraft in form and substance satisfactory to Lessor (the "Insurances" which expression includes, where the context so admits, any relevant re-insurance(s)) through brokers and with such insurers and having such deductibles and being subject to such exclusions that are approved by Lessor. The Insurances will be effected either:-

(a) on a direct basis with insurers of recognised standing who normally participate in aviation insurances in the leading international insurance markets and led by reputable underwriter(s) that are approved by Lessor; or

(b) with a single insurer or group of insurers that is approved by Lessor who does not retain the risk but effects reinsurance with reinsurers in the leading international insurance markets and through brokers each approved by Lessor for a percentage approved by Lessor of all risks insured (the "Reinsurances").

9.2 **Requirements**: Lessor's current requirements as to required Insurances are as specified in this Clause 9 and in Schedule 5. Lessor may from time to time stipulate other requirements for the Insurances so that the scope and level of cover is maintained in line with best industry practice and the interests of Lessor and the Lenders protected.

Lessee shall procure endorsements to the relevant insurance or reinsurance policies required to be maintained pursuant to this Clause 9 and Schedule 5 so as to incorporate the terms of Lloyd's Form AVN.67B (or any revised form in general use in the London aviation insurance market or equivalent in any other market in which the Insurances may be placed with Lessor’s approval) into such insurance or reinsurance policies, in which event, to the extent that any provisions of such Form AVN.67B (or any revised form) endorsement conflicts or is otherwise inconsistent with the requirements of any provision of this Agreement relating to insurance or reinsurance then (so long as it shall remain general aviation insurance practice to insure aircraft financed or leased by financial institutions on the basis of such endorsement), such conflicting or inconsistent provision of this Agreement shall be of no further force and effect and such endorsement shall be deemed to satisfy the requirements of each such conflicting or inconsistent provision of this Agreement.

9.3 **Change**: If at any time Lessor wishes to revoke its approval of and/or change its requirements in relation to any insurer, reinsurer, insurance or reinsurance, Lessor and/or its advisers will consult with Lessee and Lessee's brokers (as for the time being approved by Lessor) regarding whether that approval should be revoked and/or change made to protect the interests of the parties insured. If, following the consultation, Lessor considers that any change should be made, Lessee will then arrange or procure the arrangement of alternative cover satisfactory to Lessor.

9.4 **Insurance Covenants**: Lessee will:-

(a) ensure that all legal requirements as to insurance of the Aircraft, any Engine or any Part which may from time to time be imposed by the laws of the State of Registration or any state to, from or over which the Aircraft may be flown, in so far as they affect or concern the operation of the Aircraft, are complied with and in particular those

requirements compliance with which is necessary to ensure that (i) the Aircraft is not in danger of detention or forfeiture, (ii) the Insurances remain valid and in full force and effect, and (iii) the interests of the Indemnitees in the Insurances and the Aircraft or any Part are not thereby prejudiced;

(b) not use, cause or permit the Aircraft, any Engine or any Part to be used for any purpose or in any manner not covered by the Insurances or outside any geographical limit imposed by the Insurances;

(c) comply with the terms and conditions of each policy of the Insurances and not do, consent or agree to any act or omission which:-

(i) invalidates or may invalidate the Insurances; or

(ii) renders or may render void or voidable the whole or any part of any of the Insurances; or

(iii) brings any particular liability within the scope of an exclusion or exception to the Insurances;

(d) not take out without the prior written approval of Lessor any insurance or reinsurance in respect of the Aircraft other than those required under this Agreement unless relating solely to hull total loss, business interruption, profit commission and deductible risk;

(e) commence renewal procedures at least 60 days prior to expiry of any of the Insurances and provide to Lessor:-

(i) a written status report of renewal negotiation 28 and 14 days prior to each expiry date;

(ii) written confirmation of completion of renewal prior to each expiry date (by fax or email);

(iii) certificates of insurance (and where appropriate certificates of reinsurance), and broker's (and any reinsurance brokers') letter of undertaking in a form acceptable to Lessor in English, detailing the coverage and confirming the insurers' (and any reinsurers') agreement to the specified insurance requirements of this Agreement within 7 days after each renewal date;

(f) at each renewal and otherwise as requested by Lessor, provide to Lessor copies of documents evidencing the Insurances within seven (7) days after such renewal;

(g) pay all premiums as required by the terms of each policy of insurance and provide to Lessor evidence that the Insurance premiums have been paid promptly after each payment is made in respect of premiums and and otherwise as requested by Lessor;

(h) not make any modification or alteration to the Insurances material and adverse to the interests of any of the Indemnitees;

(i) provide to Lessor details of any material variation in respect of any Insurances (irrespective of whether or not such variation required Lessor approval);

(j) be responsible for any deductible under the Insurances;

(k) notify Lessor immediately if any Insurances cease to be in full force and effect and immediately ground the Aircraft with suitable ground risk insurance until those Insurances are again in full force and effect;

(l) pursue all claims under the Insurances diligently and, if so requested by Lessor, collect and supply to Lessor all documents, information and evidence as Lessor may require so as to make claims itself;

(m) notify Lessor of any act or omission which shall or may invalidate any of the Insurances or make them void or voidable and provide any other insurance and reinsurance related information, or assistance, in respect of the Insurances as Lessor may reasonably require.

9.5 **Failure to Insure**: If Lessee fails to maintain the Insurances in compliance with this Agreement, Lessor will be entitled but not bound, (without prejudice to any other rights of Lessor under this Agreement):-

(a) to pay the premiums due or to effect and maintain insurances satisfactory to it or otherwise remedy Lessee's failure in such manner (including, without limitation to effect and maintain an "owner's interest" policy) as it considers appropriate. Any sums so expended by it will become immediately due and payable by Lessee to Lessor together with interest thereon at the rate specified in Clause 5.11, from the date of expenditure by it up to the date of reimbursement by Lessee; and

(b) at any time while such failure is continuing to require the Aircraft to remain at any airport or to proceed to and remain at any airport designated by it until the failure is remedied to its satisfaction.

9.6 **Continuing Indemnity**: Lessor may require Lessee to effect and to maintain insurance after the Expiry Date with respect to its liability under the indemnities in Clause 10 for such period as Lessor may reasonably require (but in any event not more than 2 years) which provides for each Indemnitee to be named as additional insured. Lessee's obligation in this Clause shall not be affected by Lessee ceasing to be lessee of the Aircraft and/or any of the Indemnitees ceasing to have any interest in respect of the Aircraft.

9.7 **Application of Insurance Proceeds**:

As between Lessor and Lessee:-

(a) all insurance payments received as the result of an Event of Loss occurring during the Term will be paid to Lessor and Lessor will pay the balance of those amounts to Lessee after deduction of all amounts which may be or become payable by Lessee to Lessor

under this Agreement (including under Clause 11.1(b)) and under any Other Agreements;

(b) all insurance proceeds of any property, damage or loss to the Aircraft, any Engine or any Part occurring during the Term not constituting an Event of Loss and in excess of the Damage Notification Threshold will be paid to Lessor and applied in payment (or to reimburse Lessee) for repairs or replacement property upon Lessor being satisfied that the repairs or replacement have been effected in accordance with this Agreement. Insurance proceeds in amounts below the Damage Notification Threshold may be paid by the insurer directly to Lessee. Any balance remaining may be retained by Lessor;

(c) all insurance proceeds in respect of third party liability will, except to the extent paid by the insurers to the relevant third party, be paid to Lessor to be paid directly in satisfaction of the relevant liability or to Lessee in reimbursement of any payment so made;

(d) notwithstanding Clauses 9.7(a), (b) or (c), if at the time of the payment of any such insurance proceeds a Default has occurred and is continuing, all such proceeds will be paid to or retained by Lessor to be applied toward payment of any amounts which may be or become payable by Lessee in such order as Lessor sees fit or as Lessor may elect.

9.8 **Additional requirements**:

Lessee, at the request of Lessor, shall reimburse to Lessor:

(a) all costs incurred by Lessor in obtanining advice in respect of the Insurances arranged by Lessee, and as to their compliance with the requirements of this Agreement; and

(b) all costs of Lessor placing, for an amount (but not to exceed the Agreed Value) and on such terms as Lessor shall determine in its discretion, insurance in respect of risk to the Aircraft against additional confiscation and expropriation in relation and by to the State of Registration.

10. **INDEMNITY**

10.1 **General**: Lessee agrees to defend, indemnify and hold harmless each and every one of the Indemnitees from and against any and all claims, proceedings, losses, liabilities, suits, judgments, claims, costs, expenses, penalties or fines, including legal fees and disbursements, damages, injuries, demands and expenses (each a "Claim") (regardless of when the same is made or incurred, whether during or after the Term (but not before)):-

(a) which may at any time be suffered or incurred directly or indirectly as a result of or connected with the possession, delivery, performance, management, ownership, registration, control, maintenance, lack of maintenance, condition (including, without limitation, latent and other defects), service, repair, overhaul, leasing, use (including by reason of the use or incorporation of any invention resulting in infringement of patents, copyright or other intellectual property

rights), operation or return of the Aircraft, any Engine or Part (either in the air or on the ground) whether or not the Claim may be attributable to any defect in the Aircraft, any Engine or any Part or to its design, testing or use or otherwise, and regardless of when the same arises or whether it arises out of or is attributable to any act or omission, negligent or otherwise, of any Indemnitee;

(b) which arise out of any act or omission which invalidates or which renders voidable any of the Insurances;

(c) which may at any time be suffered or incurred as a consequence of any design, article or material in the Aircraft, any Engine or any Part or its operation or use constituting an infringement of patent, copyright, trademark, design or other proprietary right or a breach of any obligation of confidentiality owed to any person;

but excluding any Claim in relation to a particular Indemnitee to the extent that that Claim is covered pursuant to another indemnity provision of this Agreement or to the extent it arises solely as a result of the wilful misconduct of that Indemnitee, Lessor Taxes or a Lessor Lien, and excluding any Claim to the extent arising out of any acts, omissions and events after the Expiry Date which are unrelated to acts, omissions or events during the Term

10.2 **Waiver**: Lessee agrees that, against Lesssor and all other Indemnitees, the Aircraft, each Engine and each Part are at Lessee's risk and that Lessee operates, uses and keeps the Aircraft, each Engine and each Part at its own risk, save as expressly provided to the contrary in this Agreement, and Lessee to the fullest extent permitted by law releases Lesssor and all other Indemnitees from all claims and demands of every kind and from all liability which may arise in respect of any accident or damage to property or death of or injury to any person of whatsoever nature or kind caused directly or indirectly by the Aircraft, any Engine or Part and that neither Lesssor or any other Indemnitee shall have any responsibility or liability for anuy loss of or damage to the Aircraft, any Engine or Part.

10.3 **Duration**: The indemnities contained in this Agreement will continue in full force until the date which is 2 years after the Expiry Date.

11. EVENTS OF LOSS

11.1 (a) **Pre-delivery:** If an Event of Loss occurs prior to delivery of the Aircraft to Lessee, this Agreement will immediately terminate and except as expressly stated in this Agreement neither party will have any further obligation or liability under this Agreement other than pursuant to Clause 16.9 except that Lessor will rebate to Lessee the Aircraft Commitment Fees paid under this Agreement and return the Guarantee to Lessee; and

(b) **Post-delivery**: If an Event of Loss occurs after delivery of the Aircraft to Lessee, Lessee will pay the Agreed Value to Lessor on or prior to the earlier of (i) 15 Business Days after the Event of Loss and (ii) the date of receipt of insurance

proceeds in respect of that Event of Loss. Subject to the rights of any insurers and reinsurers or other third party, upon irrevocable payment in full to Lessor of that amount and all other amounts which may be or become payable to Lessor under this Agreement, Lessor will without recourse or warranty (except as to Lessor's Liens) and without further act, be deemed to have transferred to Lessee all of Lessor's rights to any Engines and Parts not installed when the Event of Loss occurred, all on an as-is where-is basis, and will at Lessee's expense, execute and deliver such bills of sale and other documents and instruments as Lessee may reasonably request to evidence (on the public record or otherwise) the transfer and the vesting of Lessor's rights in such Engines and Parts in Lessee, free and clear of all rights of Lessor and Lessor Liens. Pending payment to Lessor of the amounts due above, the obligation of Lessee to pay Rent will continue as if such Event of Loss had not occurred.

11.2 **Requisition**: During any requisition for use or hire of the Aircraft, any Engine or Part which does not constitute an Event of Loss:-

(a) the Rent and other charges payable under this Agreement will not be suspended or abated either in whole or in part, and Lessee will not be released from any of its other obligations under the Agreement (other than operational obligations with which Lessee is unable to comply solely by virtue of the requisition);

(b) so long as no Default has occurred and is continuing, Lessee will be entitled to any hire paid by the requisitioning authority in respect of the Term. Lessee will, as soon as practicable after the end of any such requisition, cause the Aircraft to be put into the condition required by this Agreement. Lessor will be entitled to all compensation payable by the requisitioning authority in respect of any change in the structure, state or condition of the Aircraft arising during the period of requisition, and Lessor will apply such compensation in reimbursing Lessee for the cost of complying with its obligations under this Agreement in respect of any such change, but so that, if any Default has occurred and is continuing, Lessor may apply the compensation or hire in or towards settlement of any amounts owing by Lessee under this Agreement.

12. RETURN OF AIRCRAFT

12.1 **Return**: On the Expiry Date or termination of the leasing of the Aircraft under this Agreement, unless an Event of Loss has occurred Lessee will redeliver the Aircraft and Aircraft Documents, at its expense, to Lessor at the Redelivery Location or such other airport as is mutually acceptable to the parties hereto, in a condition complying with Schedule 3, free and clear of all Security Interests and Permitted Liens (other than Lessor Liens) and in the condition necessary so that the Aircraft is ready and eligible for immediate issuance of a full certificate of airworthiness by the FAA or, at Lessor’s option, EASA and thereupon cause the Aircraft to be deregistered by the Air Authority and for a Certificate of Airworthiness for Export to be issued by the Air Authority.

12.2 **Final Inspection**: Immediately prior to redelivery of the Aircraft, Lessee will make the Aircraft available to Lessor for inspection ("Final Inspection") in order to verify that the

condition of the Aircraft complies with this Agreement. The Final Inspection will be long enough to permit Lessor to:-

(a) inspect the Aircraft Documents;

(b) inspect the Aircraft and uninstalled Parts;

(c) inspect the Engines and APU, including without limitation (i) a video borescope inspection of (A) the low pressure and high pressure compressors and (B) turbine area and (ii) engine condition runs; and

(d) observe a 2 hour demonstration flight using the Delivery flight test profile with Lessor's representatives as on-board observers of which at least one at any one time shall be allowed on the flight deck.

12.3 **Non-Compliance**: To the extent that, at the time of Final Inspection, the condition of the Aircraft does not comply with this Agreement, Lessee will at Lessor's option:-

(a) immediately rectify the non-compliance and, to the extent the non-compliance extends beyond the Expiry Date, the Term will be automatically extended on terms that Lessee shall pay Rent at twice the rate that would otherwise apply during the whole period of such extension and this Agreement will remain in force until the non-compliance has been rectified; or

(b) redeliver the Aircraft to Lessor and indemnify Lessor, and provide to Lessor's satisfaction cash as security for that indemnity, against the cost of putting the Aircraft into the condition required by this Agreement.

In the event that, on the scheduled Expiry Date, Lessee is prevented from redelivering the Aircraft to Lessor solely as a result of an Excusable Delay then (x) no Event of Default shall be deemed to have occurred (unless such delay in redelivery exceeds 30 days beyond the scheduled Expiry Date); (y) the Term will be automatically extended; and (z) this Agreement will remain in force (provided that (i) no other Default shall have occurred; (ii) Lessee shall not use the Aircraft in commercial service; and (iii) Lessee shall use its best efforts to return the Aircraft to Lessor in accordance with the requirements of this Agreement) until the earlier of (aa) the date on which Lessee redelivers the Aircraft to Lessor in accordance with his Agreement; and (bb) such event matures into an Event of Default (in which case, Lessor shall be entitled to its remedies under Clause 13. 2 and Clause 13.4).

For the avoidance of doubt, in the event Lessee fails to redeliver the Aircraft to Lessor at the time required by this Agreement solely as a result of an Excusable Delay, Lessee's obligations under this Agreement (including, without limitation, its obligation to pay Rent), shall remain in full force and effect.

12.4 **Redelivery**: Upon redelivery Lessee will provide to Lessor all documents necessary to export the Aircraft from the Habitual Base (including, without limitation, a valid and

subsisting export licence for the Aircraft) and required in relation to the deregistration of the Aircraft with the Air Authority.

12.5 **Acknowledgement**: Provided Lessee has complied with its obligations under this Agreement, following redelivery of the Aircraft by Lessee to Lessor at the Redelivery Location, Lessor and Lessee will sign a protocol in the form of Schedule 5 confirming that Lessee has redelivered the Aircraft to Lessor in accordance with this Agreement.

12.6 **Maintenance Programme**:

(a) Prior to the Expiry Date and upon Lessor's request, Lessee will provide Lessor or its agent reasonable access to the Agreed Maintenance Programme and the Aircraft Documents in order to facilitate the Aircraft's integration into any subsequent operator's fleet;

(b) Lessee will, if requested by Lessor to do so, upon return of the Aircraft deliver to Lessor a certified true current and complete copy of the Agreed Maintenance Programme including a cross reference to the latest MPD and a list of last done / next due per task as outlined in the MPD.. Lessor agrees that it will not disclose the contents of the Agreed Maintenance Programme to any person or entity except to the extent necessary to monitor Lessee's compliance with this Agreement and/or to bridge the maintenance programme for the Aircraft from the Agreed Maintenance Programme to another programme after the Expiry Date.

12.7 **Fuel**: Upon redelivery of the Aircraft to Lessor, Lessor shall pay to Lessee the value of fuel on board the Aircraft on the date of redelivery at the price prevailing at the redelivery location.

13. DEFAULT

13.1 **Events**: Each of the following events will constitute an Event of Default and a repudiation of this Agreement by Lessee:-

(a) **Non-payment**: Lessee fails to make any payment under this Agreement on the due date; or

(b) **Insurance**: Lessee fails to comply with any provision of Clause 9 or any insurance required to be maintained under this Agreement is cancelled or terminated or notice of cancellation is given in respect of any such insurance; or

(c) **Breach**: Lessee fails to comply with any other provision of this Agreement and, if such failure is in the reasonable opinion of Lessor capable of remedy, the failure continues for 5 days after notice from Lessor to Lessee; or

(d) **Representation**: any representation or warranty made (or deemed to be repeated) by Lessee in or pursuant to this Agreement or in any document or certificate or statement

is or proves to have been incorrect in any material respect when made or deemed to be repeated; or

(e) **Cross Default**:

(i) any Financial Indebtedness of Lessee or any of its Subsidiaries is not paid when due; or

(ii) any such Financial Indebtedness becomes due or capable of being declared due prior to the date when it would otherwise have become due; or

(iii) the security for any such Financial Indebtedness becomes enforceable; or

(iv) any event of default or termination event, howsoever described, occurs under any Other Agreement or under any other lease, hire purchase, conditional sale or credit sale agreement of Lessee or any of its Subsidiaries; or

(f) **Approvals**: any consent, authorisation, licence, certificate or approval of or registration with or declaration to any Government Entity in connection with this Agreement (including, without limitation):-

(i) any authorisation required by Lessee to obtain and transfer freely Dollars (or any other relevant currency) out of any relevant country; or

(ii) required by Lessee to authorise, or in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or the performance by Lessee of its obligations under this Agreement; or

(iii) the registration of the Aircraft; or

(iv) any airline licence or air transport licence;

is modified in a manner unacceptable to Lessor or is withheld, or is revoked, suspended, cancelled, withdrawn, terminated or not renewed, or otherwise ceases to be in full force; or

(g) **Insolvent**:

(i) Lessee or any of its Subsidiaries is, or is deemed for the purposes of any relevant law to be, unable to pay its debts as they fall due or to be insolvent, or admits inability to pay its debts as they fall due; or

(ii) Lessee or any of its Subsidiaries suspends making payments on all or any class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness; or

(h) **Liquidation and Similar Proceedings**:

(i) a meeting of the shareholders or directors of Lessee or any of its Subsidiaries is convened to consider a resolution to present an application for an administration order or any such resolution is passed; or

(ii) any step (including petition proposal or convening a meeting) is taken with a view to a composition, assignment or arrangement with any creditors of, or the rehabilitation, administration, custodianship, liquidation, or dissolution of Lessee or any of its Subsidiaries or any other insolvency proceedings involving Lessee or any of its Subsidiaries; or

(iii) any order is made or resolution passed for any such composition, assignment, arrangement, rehabilitation, administration, custodianship, liquidation, dissolution or insolvency proceedings, or Lessee or any of its Subsidiaries becomes subject to or enters into any of the foregoing; or

(iv) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrator, examiner or the like is appointed in respect of Lessee any of its Subsidiaries or any of its assets; or

(i) **Receiver**:

(i) an administrative or other receiver or manager is appointed in respect of Lessee or any of its Subsidiaries or any part of its assets; or

(ii) Lessee or any of its Subsidiaries requests any person to appoint such a receiver or manager; or

(iii) any other steps are taken to enforce any Security Interest over all or any part of the assets of Lessee or any of its Subsidiaries; or

(iv) any attachment, sequestration, distress or execution affects any assets of Lessee or any of its Subsidiaries and is not discharged within 14 days; or

(j) **Other Jurisdiction**: there occurs in relation to Lessee or any of its Subsidiaries any event anywhere which, in the reasonable opinion of Lessor, corresponds with any of those mentioned in Clauses 13.1(g), (h) or (i); or

(k) **Unlawful**: it becomes unlawful for Lessee to perform any of its obligations under this Agreement or this Agreement becomes wholly or partly invalid or unenforceable; or

(l) **Suspension of Business**: Lessee or any of its Subsidiaries suspends or ceases or threatens to suspend or cease to carry on all or a substantial part of its business; or

(m) **Disposal**: Lessee or any of its Subsidiaries disposes or threatens to dispose of all or a material part of its assets, whether by one or a series of transactions, related or not,

other than for the purpose of a reconstruction or amalgamation the terms of which have received the previous consent in writing of Lessor; or

(n) **Rights**: the existence, validity, enforceability or priority of the rights of Lessor as owner and as lessor in respect of the Aircraft or the rights of the Lenders as mortgagee, assignee of this Agreement or assignee under the Assignment are challenged by Lessee or any other person claiming by or through Lessee; or

(o) **Change of Ownership**: there is a change of control of Lessee so that Lessee ceases to be wholly-owned and/or controlled by the Government of Tanzania, without the previous approval of Lessor; or

(p) **Delivery**: Lessee fails to accept delivery of the Aircraft when validly tendered pursuant to this Agreement by Lessor; or

(q) **Adverse Change**: any event or series of events occurs which shall or, in the reasonable opinion of Lessor, might have a material adverse effect on the financial condition or operations of Lessee and its Subsidiaries or on the ability of Lessee to comply with its obligations under this Agreement; or

(r) **Guarantee**:

(i) any representation or warranty made by Guarantor is or proves to have been incorrect in any material respect when made or deemed to be repeated or Guarantor fails to make any payment or comply with any other obligation under the Guarantee when due; or

(ii) the Guarantee ceases to be in full force or, for any reason, ceases to be the legal, valid and binding obligation of Guarantor; or

(iii) any of the events listed in sub-clauses 13.1(g), (h), (i), (j) or (q) apply to Guarantor (references in those sub-clauses to Lessee being deemed to be to Guarantor).

For the avoidance of doubt, nothing in this Agreement will be construed to limit Lessee's right to institute separate legal proceedings against Lessor in the event of Lessor's breach of this Agreement or to limit Lessee's rights and remedies against any other person.

13.2 **Rights**: If an Event of Default occurs, Lessor may at its option (and without prejudice to any of its other rights under this Agreement), at any time thereafter:-

(a) accept such repudiation and by notice to Lessee and with immediate effect terminate the letting of the Aircraft (but without prejudice to the continuing obligations of Lessee under this Agreement), whereupon all rights of Lessee under this Agreement shall cease; and/or

(b) proceed by appropriate court action or actions to enforce performance of this Agreement or to recover damages for the breach of this Agreement; and/or

(c) either:-

(i) take possession of the Aircraft, for which purpose Lessor may enter any premises belonging to or in the occupation of or under the control of Lessee where the Aircraft may be located, or cause the Aircraft to be redelivered to Lessor at such location as Lessor may require, and Lessor is hereby irrevocably by way of security for Lessee's obligations under this Agreement appointed attorney for Lessee in causing the redelivery or in directing the pilots of Lessee or other pilots to fly the Aircraft to that airport and will have all the powers and authorisations necessary for taking that action; or

(ii) by serving notice require Lessee to redeliver the Aircraft to Lessor at such location as Lessor may require; and/or

(d) permit Lessee to remain in possession of the Aircraft but, in such case, on terms that such possession may be terminated by Lessor at any time and, in the meantime, Lessee shall pay such additional sums as Lessor may require and shall comply with all such conditions as Lessor may impose such as (without limitation) changing the State of Registration and/or the Agreed Maintenance Performer.

13.3 **Deregistration**: If an Event of Default occurs, Lessor may sell or otherwise deal with the Aircraft as if this Agreement had never been made and Lessee at the request of Lessor will take all steps necessary to effect (if applicable) deregistration of the Aircraft and its export from the country where the Aircraft is for the time being situated and any other steps necessary to enable the Aircraft to be redelivered to Lessor in accordance with this Agreement; Lessee hereby irrevocably and by way of security for its obligations under this Agreement appoints Lessor as its attorney to execute and deliver any documentation and to do any act or thing required in connection with the foregoing and agrees irrevocably that Lessor may use such power as it thinks fit. In connection with this, Lessee shall issue a power of attorney in the form of Schedule 7.

13.4 **Default Payments**: If:-

(a) a Default occurs; or

(b) the Aircraft is not delivered on the proposed Delivery Date by reason of failure of Lessee to satisfy any conditions to that delivery;

Lessee will indemnify Lessor on demand against any loss (including loss of profit), damage, expense, cost or liability which Lessor may sustain or incur directly or indirectly as a result including but not limited to:-

(a) any loss of profit suffered by Lessor because of Lessor's inability to place the Aircraft on lease with another lessee on terms as favourable to Lessor as this Agreement for the remainder of the Term or because whatever use, if any, to

which Lessor is able to put the Aircraft upon its return to Lessor, or the funds arising upon a sale or other disposal of the Aircraft, is not as profitable to Lessor as this Agreement;

(b) any amount of principal, interest, fees or other sums whatsoever paid or payable on account of funds borrowed in order to carry any unpaid amount;

(c) any loss, premium, penalty or expense which may be incurred in repaying funds raised to finance the Aircraft or in unwinding any swap, forward interest rate agreement or other financial instrument relating in whole or in part to Lessor's financing of the Aircraft; and

(d) any loss, cost, expense or liability sustained or incurred by Lessor owing to Lessee's failure to redeliver the Aircraft on the date, at the place and in the condition required by this Agreement.

14. ASSIGNMENT

14.1 **Security Interest**: Lessee will not assign, or create or permit to exist any Security Interest over, any of its rights under this Agreement.

14.2 **Assignment Rights**: Lessor may freely assign all or any of its rights under this Agreement and may freely sell, assign or otherwise dispose of its ownership of, or interest in, the Aircraft provided that Lessor will in the case of an assignment other than by way of security have no further obligation under this Agreement following the assignment of all its rights under this Agreement but notwithstanding that assignment will remain entitled to the benefit of each indemnity under this Agreement. Lessee will comply fully with all requests of Lessor, its successors and assigns in respect of any such assignment. Lessor will promptly notify Lessee of any assignment and Lessee will sign such acknowledgements as Lessor may reasonably require.

14.3 **Transfer:** If Lessor desires to effect a transfer of its rights and obligations under this Agreement, Lessee agrees to cooperate fully with and take all such steps as Lessor may request to give the transferee the benefit of this Agreement including any registrations in the State of Registration and/or the State of Incorporation.

15. ILLEGALITY

15.1 If it is or becomes unlawful in any jurisdiction for Lessor to give effect to any of its obligations as contemplated by this Agreement or to continue this Agreement Lessor may by notice in writing to Lessee terminate the leasing of the Aircraft under this Agreement and Lessee will forthwith redeliver the Aircraft to Lessor in accordance with Clause 12. Without prejudice to the foregoing Lessor will consult in good faith with Lessee as to any steps which may be taken to restructure the transaction to avoid that unlawfulness but will be under no obligation to take any such steps.

16. MISCELLANEOUS

16.1 **Waivers, Remedies Cumulative**: The rights of Lessor under this Agreement:-

(i) may be exercised as often as necessary;

(ii) are cumulative and not exclusive of its rights under any law; and

(iii) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right will not constitute a waiver of that right.

16.2 **Delegation**: Lessor may delegate to any person or persons all or any of the trusts, powers or discretions vested in it by these presents and any such delegation may be made upon such terms and conditions and subject to such regulations (including power to sub-delegate) as Lessor in its absolute discretion thinks fit.

16.3 **Appropriation**: If any sum paid or recovered in respect of the liabilities of Lessee under this Agreement is less than the amount then due, Lessor may apply that sum to amounts due under this Agreement in such proportions and order and generally in such manner as Lessor may determine.

16.4 **Currency Indemnity**:

(a) If Lessor receives an amount in respect of Lessee's liability under this Agreement or if such liability is converted into a claim, proof, judgment or order in a currency other than the currency (the "contractual currency") in which the amount is expressed to be payable under this Agreement:-

(i) Lessee will indemnify Lessor as an independent obligation against any loss arising out of or as a result of such conversion;

(ii) if the amount received by Lessor, when converted into the contractual currency (at the market rate at which Lessor is able on the relevant date to purchase the contractual currency in London or at its option New York with that other currency) is less than the amount owed in the contractual currency, Lessee will, forthwith on demand, pay to Lessor an amount in the contractual currency equal to the deficit; and

(iii) Lessee will pay to Lessor on demand any exchange costs and Taxes payable in connection with the conversion; and

(b) Lessee waives any right it may have in any jurisdiction to pay any amount under this Agreement in a currency other than that in which it is expressed to be payable.

16.5 **Set-off**: Lessor may set off any matured obligation owed by Lessee under this Agreement or under any Other Agreement against any obligation (whether or not matured) owed by Lessor to Lessee(including, without limitation, the obligation to pay to Lessee at the end of the Term an amount equal to the amount of the remaining

Aircraft Commitment Fees), regardless of the place of payment or currency. If the obligations are in different currencies, Lessor may convert either obligation at the market rate of exchange available in London or at its option New York for the purpose of the set-off. If an obligation is unascertained or unliquidated, Lessor may in good faith estimate that obligation and set off in respect of the estimate, subject to the relevant party accounting to the other when the obligation is ascertained or liquidated. Lessor will not be obliged to pay any amounts to Lessee under this Agreement so long as any sums which are then due from Lessee under this Agreement or under any Other Agreement remain unpaid and any such amounts which would otherwise be due will fall due only if and when Lessee has paid all such sums except to the extent Lessor otherwise agrees or sets off such amounts against such payment pursuant to the foregoing.

16.6 **Severability**: If a provision of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:-

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement; or

(b) the legality, validity or enforceability in any other jurisdiction of that or any other provision of this Agreement.

16.7 **Remedy**: If Lessee fails to comply with any provision of this Agreement, Lessor may, without being in any way obliged to do so or responsible for so doing and without prejudice to the ability of Lessor to treat the non-compliance as a Default or an Event of Default, effect compliance on behalf of Lessee, whereupon Lessee shall become liable to pay immediately any sums expended by Lessor together with all costs and expenses (including legal costs) in connection therewith.

16.8 **Expenses**:

(a) Lessee will pay its own expenses (including legal, professional, and out-of-pocket expenses) incurred or payable in connection with the negotiation, preparation, and execution of this Agreement.

(b) Lessee will reimburse to Lessor all expenses (including legal, professional, travel and out-of-pocket expenses) incurred or payable by Lessor and Lessor's Representative in connection with the negotiation, preparation, and execution of this Agreement.

(c) Lessee will pay to Lessor promptly following demand all reasonable expenses (including legal, professional, and out-of-pocket expenses) of Lessor and Lessor's Representative related to any amendment to or extension of any other documentation in connection with, or the granting of any waiver or consent under, this Agreement which has been requested by Lessee.

(d) Lessor will pay to Lessee promptly following demand all expenses (including legal, professional, and out-of-pocket expenses) related to any amendment to or

extension of any other documentation in connection with, or the granting of any waiver or consent under, this Agreement which has been requested by Lessor unless the same arises out of, or is connected with, the occurrence of an Event of Default.

(e) until such time, after Lessee's planned restructuring has been completed, as Lessor is satisfied that Lessee is capable of full and independent compliance with all its obligations under this Agreement and in relation to all other aircraft that it owns, operates and has on order and is in fact doing so, Lessee shall pay to Lessor such sum as Lessor certifies Lessor and and Lessor's Representative have incurred in respect of supervision and verification of Lessee's performance of its operational and other obligations under this Agreement in relation to the Aircraft.

(f) Lessee will reimburse to Lessor all other expenses (including legal, professional, travel and out-of-pocket expenses) incurred or payable by Lessor and Lessor's Representative in connection with the administration of this Agreement, the continous supervision of the maintenance and operation of the Aircraft by Lessee and follow-up of compliance and performance by Lessee of its obligations under this Agreement,

(g) Following the occurrence of an Event of Default, Lessee will pay to Lessor promptly following demand all reasonable expenses (including legal, survey and other costs) payable or incurred by Lessor and Lessor's Representative in connection with the enforcement of or preservation of any of Lessor's rights under, this Agreement, or in respect of the repossession of the Aircraft.

(h) Following the occurrence of any Event of Loss, Lessee will pay to Lessor promptly following demand all reasonable expenses (including advisory, consultancy, legal, survey and other costs) payable or incurred by Lessor and Lessor's Representative in connection therewith.

(i) Lessee will pay to Lessor promptly following demand all reasonable expenses (including legal, survey and other costs) payable or incurred by Lessor and Lessor's Representative in connection with the perfection of this Agreement in the State of Registration, the Habitual Base and other states (as appropriate given the operation of the Aircraft) including the provision of legal opinions, tax advice, stamp duties, notarial fees, translations and registrations, if required by either Lessor or Lessee in respect thereof.

. All expenses payable pursuant to this Clause 16.8 will be paid in the currency in which they are incurred by Lessor.

16.9 **Time of Essence**: The time stipulated in this Agreement for all payments payable by Lessee to Lessor and for the performance of Lessee's other obligations under this Agreement will be of the essence of this Agreement.

16.10 **Notices**: All notices under, or in connection with, this Agreement will, unless otherwise stated, be given in writing by letter, facsimile or email. Any such notice is deemed effectively to be given as follows:-

(i) if by letter, when delivered; and

(ii) if by facsimile or email, when transmitted and full transmission has been separately notified by telephone by the transmitting party.

The address, email address, facsimile and telephone numbers of Lessee, Lessor and Lessor Representative are as follows:

Lessee:

Address: PO Box 543
Ohio/Garden Avenue
Dar es Salaam
Tanzania

Attn : Chief Executive Officer

Telephone: [●]
Facsimile: +255 22 212 5221
Email: [●]

Lessor:

Address: c/o Abbotswood Holding SAL
Modern Building
Rue Al- Arz
Saifi
Beirut
Lebanon

Telephone: + 961 1 566801/446250
Facsimile: + 961 1 563321/691050
Email: mef@diapaper.com

Lessor Representative:

Address: SGI-Aviation Services B.V.
Louis Armstrongweg 20d, 3rd Floor
Almere, Muziekwijk, 1311RK
The Netherlands

Tel: +31 365358092
Facsimile: [●]
Email:wchomyszyn@sgiaviation.com

or such other company as Lessor may select and advise to Lessee from time to time.

16.11 **Law and Jurisdiction**:

(a) This Agreement is governed by the Governing Law;

(b) For the benefit of Lessor, Lessee agrees that the English courts (the "Designated Courts") are to have jurisdiction to settle any disputes in connection with this Agreement and submits to the jurisdiction of the Designated Courts in connection with this Agreement;

(c) Without prejudice to any other mode of service, Lessee:-

(i) appoints Clyde & Co, the present address of which is Beaufort House, Chertsey Street, Guildford, GU1 4HA, United Kingdom, failing which The High Commission of the Republic of Tanzania in the United Kingdom, the present address of which is 3 Stratford Place, Bond Street, London W1C 1AS as its agent for service of process relating to any proceedings before the Designated Courts in connection with this Agreement and agrees to maintain the process agent in England notified to Lessor;

(ii) agrees that failure by a process agent to notify Lessee of the process shall not invalidate the proceedings concerned;

(iii) consents to the service of process relating to any such proceedings by prepaid posting of a copy of the process to Lessee's agent at the address identified in paragraph (i);

(d) Lessor and Lessee:-

(i) waive objection to the Designated Courts on grounds of inconvenient forum or otherwise as regards proceedings in connection with this Agreement;

(ii) agree that a judgment or order of the Designated Courts in connection with this Agreement is conclusive and binding on it and may be enforced against it in the courts of any other jurisdiction;

(e) Nothing in this Clause limits the right of Lessor or Lessee to bring proceedings against the other in connection with this Agreement:-

(i) in any other court of competent jurisdiction; or

(ii) concurrently in more than one jurisdiction;

(f) Lessor and Lessee irrevocably and unconditionally:-

(i) agrees that if one party brings legal proceedings against the other or its assets in relation to this Agreement no immunity from such legal proceedings (which will be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) will be claimed by or on behalf of itself or with respect to its assets;

(ii) waives any such right of immunity which it or its assets now has or may in the future acquire;

(iii) each waives to the fullest extent permitted by any and all applicable laws all rights to claim sovereign immunity for any and all purposes in relation to and connected with this Agreement including (but not limited to) the right to plead sovereign immunity in respect of proceedings brought pursuant to this Agreement, because they both recognise and acknowledge that this Agreement is a commercial transaction between Lessor and Lessee; and

(iv) consent generally in respect of any such proceedings to the giving of any relief or the issue of any process in connection with such proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such proceedings.

Notwithstanding the foregoing, any disputes, differences or controversies arising out of or in connection with this Agreement, if the same cannot be settled by the parties through amicable consultation, may be referred to arbitration according to the arbitration rules of the Court of Arbitration of the International Chamber of Commerce (ICC), at the election of either Lessor or Lessee. The arbitration shall take place in London, U.K. The language of the arbitration shall be English. The arbitration award shall be final and binding on the parties. Notwithstanding the foregoing, Lessee shall not be entitled to refer any such disputes, differences or controversies in any case where a Default has occurred.

16.12 **Sole and Entire Agreement**: This Agreement and any related side-letters are the sole and entire agreement between Lessor and Lessee in relation to the leasing of the Aircraft, and supersede all previous agreements in relation to that leasing.

16.13 **Indemnities**: All rights expressed to be granted to each Indemnitee under this Agreement (other than Lessor) are given to Lessor on behalf of that Indemnitee.

16.14 **Counterparts**: This Agreement may be executed in counterparts each of which will constitute one and the same document.

16.15 **Language**: All notices to be given under this Agreement will be in English. All documents delivered to Lessor pursuant to this Agreement will be in English, or if not in English, will be accompanied by a certified English translation. If there is any inconsistency between the English version of this Agreement and any version in any other language, the English version will prevail.

16.16 **No Brokers:** Each party agrees to indemnify and hold the other harmless from and against any and all claims, suits, damages, costs and expenses (including, but not limited to, reasonable attorneys' fees) asserted by any agent, broker or other third party for any commission or compensation of any nature whatsoever based upon the lease of the Aircraft, if such claim, suit, damage, cost or expense arises out of any action or alleged action by the indemnifying party, its employees or agents. Lessee hereby

represents and warrants that it has not paid, agreed to pay or caused to be paid directly or indirectly in any form, any commission, percentage, contingent fee, brokerage or other similar payments of any kind, in connection with the establishment or operation of this Agreement, to any employee of Lessor or to any Person or entity in the State of Incorporation or elsewhere, except to Excluded Persons, as defined below. For the purposes hereof, the term "Excluded Persons" shall mean (x) in the case of Lessor, any of its officers, directors, employees, attorneys or other professional advisors, wherever located; and (y) in the case of Lessee, its officers, directors, employees, attorneys or other professional advisors, wherever located.

16.17 **Confidentiality:**

(a) Each of Lessor and Lessee agrees that it will endeavour to keep all terms and provisions of this Agreement and the agreements and documents related hereto, and all other information, material, documents and data furnished by the other party hereunder as confidential (except Aircraft Documents), and that all such other information, material, documents and data will not be furnished or disclosed by it to any other Person, firm or corporation except the Manufacturer, the manufacturer of the Engines, the Air Authority or such other governmental agency that may require submission of other information, material, documents or data), without the other party's prior written consent; provided, however, that both parties hereby consent to the disclosure of any and all such confidential information to their respective boards of directors and the boards of directors of their respective affiliates, creditors, the Lenders and lawyers, accountants and others providing professional services to Lessee or Lessor; provided further that Lessee shall not be deemed to be in breach of this provision by virtue of it making any filing for public record which is required under the laws of the State of Incorporation; and

(b) The restrictions in Clause 16.17 (a) with respect to disclosure of confidential information shall not apply to any information which any party demonstrates (i) becomes available to the public other than as a result of a disclosure by such party or its representatives; (ii) was available to such party on a nonconfidential basis prior to its disclosure pursuant to this Agreement; (iii) becomes available to such party on a nonconfidential basis from a source other than the other party hereto or its representatives, (iv) it is compelled to or required to disclose by legal action; (v) is required in connection with any litigation hereunder; or (vi) is required in connection with a disposition or other transfer of rights permitted or consented to in writing by both parties hereunder; provided the proposed transferee agrees in writing to be bound by the provisions of this Clause 16.17, each party shall only be required to use the same degree of care to prevent unauthorised disclosure of the information described above as it would use to prevent the disclosure of its own commercial and financial information of the same or similar nature and which it considers proprietary or confidential.

16.18 Rights cumulative, non-exclusive.

The rights and remedies which this Agreement gives to Lessor are:

(a) cumulative;

(b) may be exercised as often as appears expedient; and

(c) shall not, unless this Agreement explicitly and specifically states so, be taken to exclude or limit any right or remedy conferred by any law.

16.19 ***Third party rights.***

A person who is not a party to this Agreement has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this Agreement.

17. **DISCLAIMERS AND WAIVERS**

17.1 **General**: LESSOR AND LESSEE AGREE THAT THE DISCLAIMERS, WAIVERS AND CONFIRMATIONS SET FORTH IN CLAUSES 17.2, 17.3 AND 17.4 BELOW SHALL APPLY AT ALL TIMES DURING THE LEASE TERM OF THE AIRCRAFT TO WHICH THIS AGREEMENT RELATES, WITH EFFECT FROM LESSEE'S ACCEPTANCE OF THE AIRCRAFT BY EXECUTION OF THE ACCEPTANCE CERTIFICATE, WHICH SHALL BE CONCLUSIVE EVIDENCE THAT LESSEE HAS FULLY INSPECTED AND ACCEPTED THE AIRCRAFT, THE ENGINES, THE PARTS AND THE RECORDS OF THE AIRCRAFT AND THAT THEY ARE IN ALL RESPECTS ACCEPTABLE TO LESSEE AND ARE IN SUITABLE CONDITION FOR DELIVERY TO AND ACCEPTANCE BY LESSEE.

17.2 **Exclusion**: THE AIRCRAFT IS DELIVERED "AS IS, WHERE IS" AND LESSEE AGREES AND ACKNOWLEDGES THAT, SAVE AS EXPRESSLY STATED IN THIS AGREEMENT,

(A) NONE OF LESSOR OR ANY OTHER INDEMNITEE WILL HAVE ANY LIABILITY IN RELATION TO, AND NONE OF LESSOR OR ANY OTHER INDEMNITEE WILL HAVE AND WILL NOT BE DEEMED TO HAVE MADE OR GIVEN (WHETHER BY VIRTUE OF HAVING DONE OR FAILED TO DO ANY ACT, OR HAVING ACQUIRED OR FAILED TO ACQUIRE ANY STATUS UNDER OR IN RELATION TO THIS AGREEMENT OR OTHERWISE),, ANY WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, WITH RESPECT TO, THE AIRCRAFT, INCLUDING BUT NOT LIMITED TO THE CONDITION OF THE AIRCRAFT OR ANY ENGINE OR PART, INCLUDING (BUT NOT LIMITED TO) THE DESCRIPTION, AIRWORTHINESS, COMPLIANCE WITH SPECIFICATIONS, OPERATION, SATISFACTORY QUALITY, FREEDOM FROM INFRINGEMENT OF PATENT OR OTHER

PROPRIETARY RIGHTS, MERCHANTABILITY, SATISFACTORY QUALITY, FITNESS FOR ANY PARTICULAR USE OR PURPOSE, VALUE, DURABILITY, CONDITION, OR DESIGN, OR AS TO THE QUALITY OF THE MATERIAL OR WORKMANSHIP,THE ABSENCE OF LATENT OR OTHER DEFECTS, WHETHER OR NOT DISCOVERABLE, OR AS TO ANY OTHER MATTER WHATSOEVER, EXPRESS OR IMPLIED (INCLUDING ANY IMPLIED WARRANTY ARISING FROM A COURSE OF PERFORMANCE OR DEALING OR USAGE OF TRADE) WITH RESPECT TO THE AIRCRAFT, ANY ENGINE OR ANY PART; AND

(B) NONE OF LESSOR OR ANY OTHER INDEMNITEE SHALL HAVE ANY OBLIGATION OR LIABILITY WHATSOEVER TO LESSEE (WHETHER ARISING IN CONTRACT OR IN TORT, AND WHETHER ARISING BY REFERENCE TO NEGLIGENCE OR STRICT LIABILITY OF LESSOR OR ANY OTHER INDEMNITEE OR OTHERWISE) FOR:

(i) ANY LIABILITY, LOSS OR DAMAGE CAUSED OR ALLEGED TO BE CAUSED DIRECTLY OR INDIRECTLY BY THE AIRCRAFT OR ANY ENGINE OR BY ANY INADEQUACY THEREOF OR DEFICIENCY OR DEFECT THEREIN OR BY ANY OTHER CIRCUMSTANCE IN CONNECTION THEREWITH;

(ii) THE USE, OPERATION OR PERFORMANCE OF THE AIRCRAFT OR ANY RISKS RELATING THERETO ;

(iii) ANY INTERRUPTION OF SERVICE, LOSS OF BUSINESS OR ANTICIPATED PROFITS OR ANY OTHER DIRECT, INDIRECT OR CONSEQUENTIAL LOSS OR DAMAGE; OR

(iv) THE DELIVERY, OPERATION, SERVICING, MAINTENANCE, REPAIR, IMPROVEMENT OR REPLACEMENT OF THE AIRCRAFT, ANY ENGINE OR ANY PART; OR

(v) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY IN TORT, WHETHER OR NOT ARISING FROM NEGLIGENCE, ACTUAL OR IMPUTED, OF LESSOR OR ANY OTHER INDEMNITEE; OR

(vi) ANY OBLIGATION, LIABILITY, RIGHT, CLAIM OR REMEDY FOR LOSS OF OR DAMAGE TO THE AIRCRAFT, FOR ANY LIABILITY OF LESSEE TO ANY THIRD PARTY, OR FOR ANY OTHER DIRECT, INCIDENTAL OR CONSEQUENTIAL DAMAGES.

17.3 **Waiver**: LESSEE HEREBY WAIVES, AS BETWEEN ITSELF AND THE LESSOR, ALL ITS RIGHTS IN RESPECT OF ANY WARRANTY OR REPRESENTATION , EXPRESS OR IMPLIED, ON THE PART OF LESSOR AND ALL CLAIMS AGAINST LESSOR HOWSOEVER AND WHENEVER ARISING AT ANY TIME IN RESPECT OF OR OUT OF THE OPERATION OR PERFORMANCE OF THE AIRCRAFT OR THIS AGREEMENT EXCEPT TO THE EXTENT ARISING UNDER CLAUSE 2.4.

17.4 **Confirmation**: LESSEE CONFIRMS THAT IT IS FULLY AWARE OF THE PROVISIONS OF THIS CLAUSE AND ACKNOWLEDGES THAT RENT AND OTHER AMOUNTS HAVE BEEN CALCULATED NOTWITHSTANDING ITS PROVISIONS.

IN WITNESS whereof the parties hereto have executed this Agreement on the date shown at the beginning of this Agreement.

SIGNED on behalf of **WALLIS TRADING INC.**

By: _____

Name: _____

Title: _____

SIGNED on behalf of **AIR TANZANIA COMPANY LIMITED**

By: _____

Name: _____

Title: _____

SCHEDULE 1

PART 1

DESCRIPTION OF AIRCRAFT

AIRCRAFT	
MANUFACTURER:	Airbus
MODEL:	A320 -214
SERIAL NUMBER:	630
ENGINES	
ENGINE TYPE AND NO.:	CFM CFM56 – 5B4/P
SERIAL NOS:	779247 and 779248

The Aircraft will be delivered "as is", subject to the following requirements.

On the Delivery Date:

1. the Aircraft shall have a valid FAA Certificate of Airworthiness.

2. Aircraft shall have installed the full complement of engines and other equipment, parts, accessories and loose equipment and shall be in a condition suitable for immediate operation in commercial airline service as required by the FAA.

3. The Aircraft shall be clean by international airline standards.

4. The Aircraft shall comply with the manufacturer's original type specification as amended from time to time and be airworthy with all systems, components and equipment serviceable and operating in accordance with their intended use and within the approved limits of the relevant manufacturer and relevant airworthiness authority.

5. The Aircraft shall have undergone, immediately prior to Delivery, a complete zonal, structural and systems C-check (including all lower checks or equivalent inspections), in accordance with the current manufacturer's maintenance planning document (MPD), be cleared for a minimum of 20 months, 6,000 Flight Hours or 4,500 Cycles, whichever is the more limiting and all routine and non-routine maintenance items shall have been corrected during the "C" check and no deferred or carry-over items shall exist.

6. Without exemption or waiver, the Aircraft shall have accomplished all outstanding airworthiness directives (AD's) and mandatory orders issued by the FAA and the Engine manufacturer affecting the Aircraft and the Engines and which require compliance prior to the Delivery Date and for 180 days after the Delivery Date.

7. The Aircraft shall have been inspected and treated with respect to corrosion. Such inspection and treatment shall have been performed as defined in the applicable Manufacturer's CPCP document. Lessor shall provide Lessee with evidence to demonstrate the foregoing.

8. ESN 779247 shall have no more than 10 Flight Hours since overhaul and ESN 779248 shall have no more than 1,200 Flight Hours since overhaul. No Engine shall be "on watch" or subject to special or reduced inspection intervals or exhibit any adverse trends or indicate a rate of acceleration in performance deterioration that is higher than normal.

9. Engine LLPs (other than APU) shall not have less than 4,000 Cycles of life remaining until the next scheduled overhaul.

10. Each calendar life limited component will have not less than 12 months of life remaining until the next scheduled overhaul.

11. Each Landing Gear shall be fresh from overhaul.

12. The APU shall be serviceable and shall not have more than 500 APU hours since the last shop visit.

13. Tires and brakes shall be serviceable. The wear status of the tires and brakes shall be indicated on the technical acceptance certificate.

14. The Aircraft shall have manuals, records and documents which shall be delivered with the Aircraft and shall be in English, complete, up to date and provide full "back to birth" traceability for life limited parts.

15. The Aircraft shall have no deferred maintenance outstanding on the Aircraft.

16. The Aircraft shall have no special or unique Manufacturer, Engine manufacturer or Air Authority inspection or check requirements which are specific to the Aircraft or Engines (as opposed to all aircraft or engines of their types) will exist with respect to the Airframe, Engines and Aircraft equipment, components and systems.

17. The Aircraft shall be delivered in an "as-is, where-is" configuration.

18. The Aircraft shall be delivered in Lessee's livery, at Lessee's cost.

19. In accordance with Clause 4.5, the Aircraft shall undergo at Lessor's cost a two-hour demonstration flight and full performance power and conduit runs and health check of both engines and APU in accordance with the maintenance manual requirements .

20. The Aircraft shall have any parts or modification kits related to the Aircraft and received by Lessor free of charge, delivered free of charge to Lessee.

21. The Aircraft shall have all structural repairs permanent and supported by documentation. All repairs shall be per the SRM and shall be approved by the manufacturer.

22. The Aircraft shall be free and clear of all liens other than liens arising through Lessor.

23. The Aircraft shall be delivered with a Certificate of Airworthiness for Export from the country of current registration.

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PART 2

AIRCRAFT DOCUMENTS

Aircraft Documents (either hardcopy or microfiche): (1 copy each). This list to be modified as appropriate during the delivery procedure

- Pilots Operating Handbook
- FAA Approved Aircraft Flight Manual
- Aircraft Maintenance Manual
- Aircraft Parts Catalogue
- Aircraft Wiring Manual
- Structure Repair Manual
- Fault Isolation Manual
- Aircraft Landing Gear Records
- Certificate of Registration
- Certificate of Airworthiness
- Noise Certificate
- Aircraft Radio Licence
- Engineering and Maintenance Manuals
- Airframe Records
- Engine Log Books

SCHEDULE 2

CERTIFICATE OF ACCEPTANCE

This Certificate of Acceptance is delivered, on the date set out below by Air Tanzania Company Limited ("Lessee") to Wallis Trading Inc. ("Lessor"), pursuant to the Aircraft Lease Agreement dated [●] 2007 between Lessor and Lessee (the "Agreement"). The capitalised terms used in this Certificate shall have the meaning given to such terms in the Agreement.

1. **DETAILS OF ACCEPTANCE**

Lessee hereby confirms to Lessor that Lessee has at [●] o'clock on this [●] day of [●], 2007, at [●] hours, accepted the following, in accordance with the provisions of the Agreement:-

(a) Airbus A320 -214 airframe, Manufacturer's Serial No. 630;

(b) Engines:

ENGINE TYPE AND NO.: CFM CFM56 – 5B4/P

Serial No.s: 779247 and 779248

Lessee and Lessor acknowledge that the Airframes, Engines and Parts have the following hours/Cycles:

Airframe

	Time Since New	Cycles Since New
Configuration:		

Maintenance checks

	Days since last check	Flight Cycles since last check	Flight Hours since last check
6Y check:			
12YCheck:			

	Months (or part thereof)	Flight Cycles	Flight Hours
Maintenance Program limit			

Comment:

Engines

	Serial No.	TSN	CSN	TTSSV	TCSSV	First limiter
Position #1:						See AEA LLP sheet
Position #2:						See AEA LLP sheet

Comment:

TSN Total Flight Hours since New
CSN Total Flight Cycles since New
TTSSV Total Flight Hours since New or Total Flight Hours Since last Core Refurbishment to zero time the Engine, as applicable
TCSSV Total Flight Cycles since New or Total Flight Cycles Since last Core Refurbishment to zero time the Engine, as applicable

APU

	Serial No.	TSN	CSN	TTSSV	TCSSV	First limiter
						See AEA LLP sheet

Comment:

TSN Total Flight Hours since New
CSN Total Flight Cycles since New
TTSSV Total Flight Hours since New, overhaul or refurbishment to zero time the APU, as applicable
TCSSV Total Flight Cycles since New, overhaul or refurbishment to zero time the APU, as applicable

Landing gear

	Serial No.	TSN	CSN	TSO	CSO	MSO
LH Main:						

RH Main:						
Nose:						
	Months (or part thereof)	FC	FH	FCR	MR	
Landing gear Limits						

Comment:

TSN Total Flight Hours since New
CSN Total Flight Cycles since New
TSO Time Flight Hours New or Overhaul to zero time the Landing gear, as applicable
CSO Flight Cycles since New or Overhaul to zero time the Landing gear, as applicable
MSO Months (or part thereof) Since New or Overhaul to zero time the Landing gear, as applicable
FCR Flight Cycles Remaining until next Overhaul
MR Months (or parts thereof) remaining until next Overhaul

Brake wear pin length in mm

# 1:	# 2:	# 3:	# 4:

Wheel minimum groove depth

# 1:	# 2:	# 3:	# 4:
Nose LH	RH		

Attachments if any

Attachments # : _____

Attachments # : _____

(c) Fuel Status: Kilos [ ];

(d) Loose Equipment Check List: as per list signed by Lessor and Lessee and attached hereto; and

(e) Aircraft Documents: as per list signed by Lessor and Lessee and attached hereto.

2. **CONFIRMATION**

Lessee confirms to Lessor that as at the time indicated above, being the Delivery Date:-

(a) the representations and warranties contained in Clause 2 of the Agreement are hereby repeated;

(b) the Aircraft is insured as required by the Agreement;

(c) Lessee confirms that there have been affixed to the Aircraft and the Engines the fireproof notices required by the Agreement; and

(d) Lessee's authorised technical experts have inspected the Aircraft to ensure the Aircraft conforms to Lessee's requirements. The Aircraft is in accordance with the specifications of the Agreement and satisfactory in all respects.

IN WITNESS WHEREOF, Lessee has, by its duly authorised representative, executed this Certificate on the date in paragraph 1 above.

LESSEE: Air Tanzania Company Limited

By: _____

Title: _____

SCHEDULE 3

OPERATING CONDITION AT REDELIVERY

On the Expiry Date the Aircraft, subject to fair wear and tear generally, will be in the same condition as at the Delivery Date, fair wear and tear excepted. In particular:-

On the Expiry Date, the Aircraft shall:

1. have a valid Certificate of Airworthiness (or, if requested by Lessor, a valid Export Certificate of Airworthiness) issued by the Air Authority and the Aircraft shall be in a condition qualifying for the immediate issue of an Certificate of Airworthiness issued by either FAA or EASA, which selection shall be made by Lessor and notified to Lessee four months prior to the Expiry Date.

2. the Aircraft shall have a valid Certificate of Airworthiness issued by, as selected by Lessor, either FAA or EASA, which selection shall be made by Lessor and notified to Lessee four months prior to the Expiry Date.

3. Aircraft shall have installed the full complement of Engines and other equipment, Parts, accessories and loose equipment and shall be in a condition suitable for immediate operation in commercial airline service as required by the FAA or, as selected by Lessor, EASA, which selection shall be made by Lessor and notified to Lessee four months prior to the Expiry Date.

4. The Aircraft shall be clean by international airline standards.

5. The Aircraft shall comply with the manufacturer's original type specification as amended from time to time and be airworthy with all systems, components and equipment serviceable and operating in accordance with their intended use and within the approved limits of the relevant manufacturer and relevant airworthiness authority.

6. The Aircraft shall have undergone, immediately prior to the Expiry Date, a complete zonal, structural and systems C-check (including all lower checks or equivalent inspections which C check shall include all MPD task cards with an interval of less than 20 months, 6,000 Flight Hours or 4,500 Cycles), in accordance with the current manufacturer's maintenance planning document (MPD), be cleared for a minimum of 20 months, 6,000 Flight Hours or 4,500 Cycles, whichever is the more limiting and all routine and non-routine maintenance items shall have been corrected during the "C" check and no deferred or carry-over items shall exist.

7. Without exemption or waiver, the Aircraft shall have accomplished all outstanding airworthiness directives (AD's) and mandatory orders (on a terminating action basis) issued by the FAA or (as applicable) EASA and the aviation authority of the original

equipment manufacturer affecting the Aircraft, Engines and Parts which require compliance prior to the Expiry Date and for 180 days after the Expiry Date.

8. The Aircraft shall have been inspected and treated with respect to corrosion. Such inspection and treatment shall have been performed as defined in the applicable Manufacturer's CPCP document. Lessor shall provide Lessee with evidence to demonstrate the foregoing.

9. The Engines shall each have at least 6,000 hours and 4,000 cycles remaining to their next anticipated Full Performance Restoration. No Engine shall be "on watch" or subject to special or reduced inspection intervals or exhibit any adverse trends or indicate a rate of acceleration in performance deterioration that is higher than normal.

10. Engine LLPs (other than APU) shall not have less than 4,000 Cycles of life remaining until the next scheduled overhaul.

11. Each calendar life limited component will have not less than 12 months of life remaining until the next scheduled overhaul.

12. Each Landing Gear shall have a minimum of 20 months, 6,000 Flight Hours and or 4,500 Cycles remaining , whichever is the most limiting, to the next overhaul.

13. The APU shall be serviceable and shall not have more than 500 APU hours since the last shop visit.

14. Tires and brakes shall have no more wear and tear than at Delivery..

15. The Aircraft shall have manuals, records and documents which shall be delivered with the Aircraft and shall be in English, complete, up to date and provide full "back to birth" traceability for life limited parts.

16. The Aircraft shall have no deferred maintenance outstanding on the Aircraft.

17. The Aircraft shall have no special or unique Manufacturer, Engine manufacturer or Air Authority inspection or check requirements which are specific to the Aircraft or Engines (as opposed to all aircraft or engines of their types) will exist with respect to the Airframe, Engines and Aircraft equipment, components and systems.

18. The Aircraft shall be delivered in an "as-is, where-is" configuration.

19. In accordance with Clause 4.5, the Aircraft shall undergo at Lessee's cost a two-hour demonstration flight and full performance power and conduit runs and health check of both engines and APU in accordance with the maintenance manual requirements. .

20. The Aircraft shall have any parts or modification kits related to the Aircraft and received by Lessee free of charge, delivered free of charge to Lessor.

21. The Aircraft shall have all structural repairs permanent and supported by all required documentation of the FAA or (as applicable) EASA. All repairs shall be per the SRM and shall be approved by the original equipment manufacturers.

22. The Aircraft shall be free and clear of all liens other than liens arising through Lessor.

23. The Aircraft shall be delivered with a Certificate of Airworthiness for Export from the country of current registration.

24. The Aircraft shall have any other modifications required by Lessor to be made to the Aircraft performed by Lessee prior to the Expiry Date, at Lessor's expense.

Any Aircraft interior re-configuration performed during the Term must be accompanied by approved engineering data of the FAA or (as applicable) EASA.

SCHEDULE 4

RETURN ACCEPTANCE CERTIFICATE

This Return Acceptance Certificate is delivered, on the date set out below by Wallis Trading Inc. ("Lessor") to Air Tanzania Company Limited ("Lessee") pursuant to the Aircraft Lease Agreement dated [●] 2007 between Lessor and Lessee (the "Agreement"). The capitalised terms used in this Certificate shall have the meaning given to such terms in the Agreement.

1. Lessor hereby confirms to Lessee that Lessor has at [●] o'clock on this [●] day of [●], 2007, at [●] hours, accepted return of the following, in accordance with the provisions of the Agreement:-

(a) Airbus A320 -214 airframe, Manufacturer's Serial No. 630;

(b) Engines:

ENGINE TYPE AND NO.: CFM CFM56 – 5B4/P

Serial No.s: [●]and [●].

2. Return has taken place at the airport of [●].

3. Return has taken place on terms that the Aircraft has been redelivered in accordance with, and in a manner which fully complies with, the requirements of the Agreement.

4. The Aircraft has been redelivered with the documents listed in Appendix to this Certificate.

5. fuel on board is [●] kg.

IN WITNESS WHEREOF, Lessor has, by its duly authorised representative, executed this Certificate on the date in paragraph 1 above.

LESSOR: Wallis Trading Inc

By: _____

Title: _____

Appendix to redelivery certificate

The following Aircraft Documents delivered by Lessor to Lesse at delivery have been returned with the Aircraft in a current, up-to-date and correct status:

(either hardcopy or microfiche): (1 copy each)

- Pilots Operating Handbook
- FAA Approved Aircraft Flight Manual
- Aircraft Maintenance Manual
- Aircraft Parts Catalogue
- Aircraft Wiring Manual
- Structure Repair Manual
- Fault Isolation Manual
- Aircraft Landing Gear Records
- Certificate of Registration
- Certificate of Airworthiness
- Noise Certificate
- Aircraft Radio Licence
- Insurance Certificate
- Engineering and Maintenance Manuals
- Airframe Records
- Engine Log Books

SCHEDULE 5

INSURANCE REQUIREMENTS

The Insurances required to be maintained are as follows:-

(a) HULL ALL RISKS of Loss or Damage whilst flying and on the ground with respect to the Aircraft on an "agreed value basis" for the Agreed Value and with a deductible not exceeding $250,000 or such other amount agreed by Lessor from time to time;

(b) HULL WAR AND ALLIED PERILS, being such risks excluded from the Hull All Risks Policy to the fullest extent available from the leading international insurance markets including hijacking, strikes, riots, malicious acts, civil commotion, governmental requisition or other confiscation by the State of Registration, expropriation and cover in respect of other risks generally insured against by such cover for the Agreed Value;

(c) ALL RISKS (INCLUDING WAR AND ALLIED RISK) property insurance on all Engines and Parts when not installed on the Aircraft on an "agreed value" basis for their full replacement value in accordance with sound industry practice of internationally reputable scheduled airlines and shall include engine test and running risks;

(d) COMPREHENSIVE AIRLINE LIABILITY INSURANCE INCLUDING (WITHOUT LIMITATION) AIRCRAFT THIRD PARTY, PROPERTY DAMAGE, PASSENGER, BAGGAGE, CARGO AND MAIL AND AIRLINE GENERAL THIRD PARTY (INCLUDING PRODUCTS) LEGAL LIABILITY including AVN52D Extended Coverage Endorseemnt (Aviation Liabilities) for a Combined Single Limit (Bodily Injury/Property Damage) of an amount not less than the Minimum Liability Coverage for the time being any one occurrence (but in respect of products and personal injury liability this limit may be an aggregate limit for any and all losses occurring during the currency of the policy). War and Allied Risks in an amount not less than the Minimum Liability Coverage are also to be covered under the Policy to the fullest extent available from the leading international insurance markets;

(e) All required hull and spares insurance (as specified above), so far as it relates to the Aircraft will: -

(i) be denominated in Dollars;

(ii) have deductibles standard for the aircraft type and in the industry, subject to a deductible not exceeding $250,000 per occurrence;

(iii) name Lessor, Lenders (as nominated by Lessor) and their respective successors and assigns as additional assureds for their respective rights and interests, warranted, each as to itself only, no operational interest;

(iv) provide that any loss will be settled jointly with Lessor and Lessee, subject to final prior approval of the Lenders (as nominated by Lessor) and will be payable in Dollars to Lessor or (if applicable) the Lenders (as nominated by Lessor) for the account of all interests except where the loss does not exceed the Damage Notification Threshold, and neither Lessor nor the Lenders (as nominated by Lessor) has notified the insurers to the contrary, in which case the loss will be settled with and paid to Lessee;

(v) include a notice and/or acknowledgement of assignment relating to the assignment of Lessor's interest in the Insurances to the Lenders (as nominated by Lessor) in a form acceptable to Lessor;

(vi) if separate Hull "all risks" and "war risks" insurances are arranged, include a 50/50 provision in accordance with market practice (AVS. 103 is the current market language);

(vii) confirm that the insurers are not entitled to replace the Aircraft in the event of an insured Event of Loss;

(viii) confirm that the insurers will not obtain a valid discharge of the obligations under the Insurances by payment to the broker, notwithstanding market practice to the contrary;

(f) All required liability insurances (specified above) will:-

(i) have deductibles standard for the aircraft type and in the industry, subject to a deductible not exceeding $250,000 per occurrence;

(ii) include the Indemnitees and their respective successors and assigns and their respective shareholders, subsidiaries, directors, officers, agents, employees and indemnitees as additional insureds for their respective rights and interests, warranted, each as to itself only, no operational interest;

(iii) include a Severability of Interest Clause which provides that the insurance, except for the limit of liability, will operate to give each assured the same protection as if there was a separate policy issued to each assured;

(iv) contain a provision confirming that the policy is primary without right of contribution and the liability of the insurers will not be affected by any other insurance of which the Indemnitees or Lessee have the benefit so as to reduce the amount payable to the additional insureds under such policies;

(v) name Lessor and all other Indemnitees as additional assureds for a period of two (2) years after the end of the Term, under Lessee’s Aviation and Airline General Third Party Liability Insurance, so as to continue to provide cover for acts or omissions of Lessee or involving the Aircraft which occur, fail to occur are are discovered to have occurred during the Term, regardless of when liability, loss, clim or expense arises or is agreed to have arisen.

(g) All Insurances will:-

(i) be in accordance with normal industry practice of persons operating similar aircraft in similar circumstances;

(ii) provide cover denominated in Dollars and any other currencies which Lessor may reasonably require in relation to liability insurance;

(iii) operate on a worldwide basis subject to such limitations and exclusions as Lessor may agree;

(iv) acknowledge the insurer is aware (and has seen a copy) of this Agreement and that the Aircraft is owned by Lessor and (if nominated by Lessor) is subject to a mortgage and that the Insurances are subject to a security assignment in favour of the Lenders (as nominated by Lessor);

(v) provide that, in relation to the interests of each of the additional assureds the Insurances will not be invalidated by any act or omission or breach or violation of warranty, declaration or condition by Lessee or by any other person other than the respective additional assured seeking protection and shall insure the interests of each of the additional assureds regardless of any such act or omission or breach or violation of warranty, declaration or condition by Lessee or any other person other than the respective additional assureds seeking protection of any warranty, declaration or condition, contained in such Insurances;

(vi) provide that the insurers will hold harmless and waive any rights of recourse and/or subrogation against the additional assureds or to be subrogated to any rights of the Lenders against Lessor or Lessee;

(vii) provide that the additional assureds will have no obligation or responsibility for the payment of any premiums due (but reserve the right to pay the same should any of them elect so to do) and that the insurers will not exercise any right of set-off or counter-claim in respect of any premium due against the respective interests of the additional assureds other than outstanding premiums relating to the Aircraft, any Engine or Part the subject of the relevant claim;

(viii) provide that the Insurances will continue unaltered for the benefit of the additional assureds for at least 30 days after written notice of any cancellation, change, event of non-payment of premium or instalment thereof has been sent to Lessor and the Lenders, except in the case of war risks for which 7 days (or such lesser period as is or may be customarily available in respect of war risks or allied perils) will be given, or in the case of war between the 5 great powers or nuclear peril for which termination is automatic;

(ix) if reinsurance is a requirement of this Agreement such reinsurance will (i) be on the same terms as the original insurances and will include the provisions of this Schedule, (ii) provide that notwithstanding any bankruptcy, insolvency, liquidation, dissolution or similar proceedings of or affecting the reinsured that the reinsurers' liability will be to make such payments as would have fallen due under the relevant policy of reinsurance if the reinsured had (immediately before such bankruptcy, insolvency, liquidation, dissolution or similar proceedings) discharged its obligations in full under the original insurance policies in respect of which the then relevant policy of reinsurance has been effected; (iii) be the subject of an assignment of reinsurances executed by the reinsurers in favour of Lessor or (if so nominated by Lessor) the Lenders and (iv) contain a "cut-through" clause in the following form (or otherwise, satisfactory to Lessor): "The Reinsurers and the Reinsured hereby mutually agree that in the event of any claim arising under the reinsurances in respect of a total loss or other claim where as provided by the Lease Agreement dated [ ] 2007 and made between Wallis Trading Inc. and Air Tanzania Company Limited such claim is to be paid to the person named as sole loss payee under the primary insurances, the Reinsurers will in lieu of payment to the Reinsured, its successors in interest and assigns pay to the person named as sole loss payee under the primary insurances effected by the Reinsured that portion of any loss due for which the Reinsurers would otherwise be liable to pay the Reinsured (subject to proof of loss), it being understood and agreed that any such payment by the Reinsurers will (to the extent of such payment) fully discharge and release the Reinsurers from any and all further liability in connection therewith"; subject to such provisions not contravening any law of the State of Incorporation;

(x) contain a provision entitling Lessor, the Lenders or any insured party to initiate a claim under any policy in the event of the refusal or failure of Lessee to do so;

(xi) provide in respect of Hull All Risks and Hull War Risks insurances a 50/50 Claims Settlement Clause in the form of AVS.103;

(xii) include AVN 2001 and AVN 2002 endorsements, or any successor provisions, if the plocies are subject to an AVN 2000 endorsement;

(xiii) contain a claims control clause AV21 or AV41 (standard market clause) or any successor provision thereto;and

(xiv) accept and insure the indemnity provisions of this Agreement to the extent of the risks covered by the policies.

SCHEDULE 6

MONTHLY REPORTING FORM (FOR ILLUSTRATION ONLY)

REPORT FOR THE CALENDAR MONTH ENDED: [●]

Aircraft Type: Airbus A320-214 Actual Registration:
Lessor: WALLIS TRADING INC MSN: 630

AIRFRAME

	During Period	Since New
Hours:		
Cycles:		

ORIGINAL ENGINES

	Position 1	Position 2
Serial number of original engine:		
Location of original engine:		
Flight Hours since new:		
Flight Cycles since new:		
Flight Hours during period:		
Flight Cycles during period:		
Flight Hours since last shop visit:		
Flight Cycles since last shop visit:		
Engine Flight Cycle limit:		
Flight Cycles remaining for limit:		
Serial number currently installed:		

APU

Serial Number of original APU:	
Location of Original APU:	
Flight hours during period:	
Flight cycles during period:	
Flight hours since last shop visit:	
Flight cycles since last shop visit:	

Serial number currently installed:	

TECHNICAL ACTIVITY

Engines / APU / LDG removals (if any):	Off	On
Serial Number:		
Date:		
Flight hours since new:		
Flight cycles since new:		
Reason:		

SCHEDULE 7

CONDITIONS PRECEDENT

(a) Receipt by Lessor from Lessee within three (3) Business Days after signing this Agreement and in any event not later than 10 October, 2007 of an original of the signed Guarantee, duly executed for the Government of The United Republic of Tanzania, in form and substance satisfactory to Lessor .

(b) Receipt by Lessor from Lessee not later than 5 Business Days prior to the Delivery Date of the following in form and substance satisfactory to Lessor:-

(i) **Constitutional Documents**: a copy of the constitutional documents of Lessee;

(ii) **Resolutions**: a copy of a resolution of the board of directors of Lessee approving the terms of, and the transactions contemplated by, this Agreement, resolving that it enter into this Agreement, and authorising a specified person or persons to execute this Agreement and accept delivery of the Aircraft on its behalf;

(iii) **Approvals**:

(A) evidence of the issue of each approval, licence and consent which may be required in relation to, or in connection with, the remittance to Lessor in Dollars of all amounts payable under this Agreement or the performance by Lessee of any of its obligations hereunder; and

(B) without prejudice to the generality of the foregoing, a signed consent from the Air Authority to the export of the Aircraft from the Habitual Base and to the deregistration of the Aircraft with effect from the Expiry Date upon the termination of the leasing of the Aircraft under this Agreement;

(iv) **Import**: evidence that any required import licence, and all customs formalities, relating to the import of the Aircraft into the Habitual Base have been obtained or complied with, and that the import of the Aircraft into the Habitual Base is exempt from Taxes;

(v) **Licences**: copies of Lessee's air transport licence, air operator's certificates and all other licences, certificates and permits required by Lessee in relation to, or in connection with, the operation of the Aircraft;

(vi) **Process Agent**: a letter from the process agent appointed by Lessee under Clause 16.11 (c) (i) of this Agreement accepting that appointment;

(vii) **Certificate**: a certificate of a duly authorised officer of Lessee:-

(A) setting out a specimen of each signature referred to in paragraph (a)(ii); and

(B) certifying that each copy document specified in this Clause is correct, complete and in full force and effect;

(ix) **Air Traffic Control**: a letter from Lessee addressed to Eurocontrol or other relevant air traffic control authority pursuant to which Lessee authorises the addressee to issue to Lessor, upon Lessor's request from time to time, a statement of account of all sums due by Lessee to the authority in respect of all aircraft (including, without limitation, the Aircraft) operated by Lessee;

(x) **Deregistration Power**: an irrevocable power of attorney in the form of Schedule 9 authorising Lessor or such other person as Lessor may from time to time specify to do any thing or act or to give any consent or approval which may be required to obtain deregistration of the Aircraft and to export the Aircraft from the Habitual Base upon termination of the leasing of the Aircraft under this Agreement, duly notarised and legalised;

(xi) **General**: such other documents as Lessor may reasonably request;

(b) the receipt by Lessor on or before the Delivery Date of:-

(i) **Tanzanian legal opinion**: a signed original of an opinion in the form of Schedule 8 issued by independent legal counsel acceptable to Lessor in the State of Registration, the Habitual Base and the State of Incorporation;

(ii) **English legal opinion:** a signed original of a favourable opinion in respect of the validity and enforceability of this Agreement under English law issued by independent legal counsel acceptable to Lessor;

(iii) **Payments:** all sums due to Lessor under this Agreement on or before the Delivery Date including, without limitation, the first payment of Rent;

(iv) **Insurances**: certificates of insurance showing compliance with all requirements of this Agreement relating to Insurances, an undertaking from Lessee's insurance broker and other evidence satisfactory to Lessor that Lessee is taking the required steps to ensure due compliance with the provisions of this Agreement as to Insurances with effect on and after the Delivery Date;

(v) **Insurance opinion:** a signed original of a favourable opinion in respect of the validity and enforceability of the Insurances issued by an independent insurance specialist adviser acceptable to Lessor;

(vi) **Accounts:** the latest available accounts of Lessee as described in Clause 8.2(b)(i) and (ii);

(vii) **Documents**: a confirmation of receipt of the Aircraft Documents delivered with the Aircraft on the Delivery Date; and

(viii) **General:** such other documents as Lessor may reasonably request;

(c) the receipt by Lessor on or before the Delivery Date of evidence of the appointment by Lessee of an Approved Maintanance Performer, together with evidence of the terms of their appointment;

(d) the receipt by Lessor on or before the Delivery Date of of such information and documents relating to the proposed Maintenance Programme as Lessor may require and Lessor having agreed the proposed Maintenance Programme on or prior to the Delivery Date; and

(e) evidence that on the Delivery Date the Aircraft has been validly registered under the laws of the State of Registration and that all filings, registrations, recordings and other actions have been or will be taken which are necessary or advisable to ensure the validity, effectiveness and enforceability of this Agreement and to protect the property rights of Lessor and the Lenders (as nominated by Lessor) in the Aircraft or any Part.

SCHEDULE 8

FORM OF LEGAL OPINION

To: Wallis Trading Inc
Abbotswood Holding SAL
Modern Building
Rue Al- Arz
Saifi
Beirut
Lebanon

[●] 2007

Dear Sirs

1. You have asked us to render an opinion in connection with the transaction governed, inter alia, by the under mentioned documents. Words and expressions used herein will bear the same meanings as defined in an Aircraft Lease Agreement (the "Lease") dated [●] 2007 between Wallis Trading Inc ("Lessor") and Air Tanzania Company Limited ("Lessee") in respect of one Airbus A320 -210 airframe, Manufacturer's Serial No. 630 (the "Aircraft").

1.1. the Lease;

1.2. the Memorandum and Articles of Association of Lessee;

1.3. all other documents, approvals and consents of whatever nature and wherever kept which it was, in our judgment and to our knowledge, necessary or appropriate to examine to enable us to give the opinion expressed below.

The term "Deregistration Power of Attorney" means the power of attorney granted by Lessee in favour of Lessor pursuant to Clause 3.1 (a) (x) of the Lease.

2. Having considered the documents listed in paragraph 1 above, and having regard to the relevant laws of Tanzania we are pleased to advise that in our opinion:-

(a) Lessee was duly incorporated in Tanzania on [●] for an indefinite period as a limited company and is a validly existing separate legal entity, is subject to suit in its own name, and, to the best of our knowledge after due investigation, no steps have been, or

are being, taken to appoint a receiver, liquidator, trustee or similar officer over, or to wind up, Lessee;

(b) Lessee has the corporate power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of, the Lease and the transactions contemplated by the Lease;

(c) the entry into and performance by Lessee of, and the transactions contemplated by, the Lease do not and will not:-

(i) conflict with any laws binding on Lessee; or

(ii) conflict with the constitutional documents of Lessee; or

(iii) conflict with or result in default under any document which is binding upon Lessee or any of its assets or result in the creation of any Security Interest over any of its assets.

(d) all authorisations, consents, licences, approvals and registrations have been obtained and copies are attached hereto that are necessary or desirable to be obtained from any governmental or other regulatory authorities in Tanzania to enable Lessee:-

(1) to enter into and perform the transactions contemplated by the Lease;

(2) to import the Aircraft into Tanzania for the duration of the Term;

(3) to operate the Aircraft in Tanzania for the transport of fare-paying passengers; or

(4) to make the payments provided for in the Lease

and no other such authorisations, consents, licences, approvals or registrations are necessary or desirable in connection therewith;

(e) it is not necessary or desirable, to ensure the priority, validity and enforceability of all the obligations of Lessee under the Lease that the Lease be filed, registered, recorded or notarised in any public office or elsewhere or that any other instrument relating thereto be signed, delivered, filed, registered or recorded, that any tax or duty be paid or that any other action whatsoever be taken;

(f) the interests of Lessor and the Lenders in the Aircraft are registered on the public register of aircraft of the Air Authority and no other steps are necessary or desirable to record or perfect the Lease or the interest of either Lessor or the Lenders in the Aircraft in Tanzania;

(g) on termination of the Lease (whether on expiry or otherwise) as contemplated in the Lease, Lessor would be entitled:-

(1) to repossess the Aircraft;

(2) to deregister the Aircraft from the register of the Air Authority;

(3) to export the Aircraft from Tanzania;

without requiring any further consents, approvals or licences from any governmental or regulatory authority in Tanzania;

(h) the Lease has been properly signed and delivered on behalf of Lessee and the obligations on the part of Lessee contained therein, assuming them to be valid and binding according to the Governing Law, are valid and legally binding on and enforceable against Lessee respectively under the laws of Tanzania;

(i) the events described in Clause 13.1(g), (h) and (i) of the Lease comprise an accurate and complete statement of all events and situations provided for by the laws of Tanzania which may lead to the cessation of activities, winding up or dissolution of Lessee;

(j) the obligations of Lessee under the Lease rank at least pari passu with all other present and future unsecured and unsubordinated (including contingent obligations) of Lessee;

(k) there is no withholding tax or other Tax to be deducted from any payment whatsoever which may be made by Lessee pursuant to the Lease; with respect to any withholdings, the provisions of Clauses 5.6, 5.7 and 5.10 of the Lease are fully effective; and the arrangements contemplated by the Lease do not give rise to any charge whatsoever to Taxes in Tanzania;

(l) there is no applicable usury or interest limitation law in Tanzania which may restrict the recovery of payments in accordance with the Lease;

(m) there are no registration, stamp or other taxes or duties of any kind payable in Tanzania in connection with the signature, performance or enforcement by legal proceedings of the Lease;

(n) Lessor will not violate any law or regulation in Tanzania nor become liable to tax in Tanzania by reason of entering into the Lease with Lessee, or performing its obligations thereunder;

(o) it is not necessary to establish a place of business in Tanzania in order to enforce any provisions of the Lease;

(p) the choice of the Governing Law to govern the Lease will be upheld as a valid choice of law in any action in the Courts of Tanzania;

(q) the consent to the jurisdiction by Lessee contained in the Lease is valid and binding on Lessee and not subject to revocation;

(r) any judgement for a definite sum given by Designated Courts against Lessee would be recognised and accepted by the Courts of Tanzania without re-trial or examination of the merits of the case;

(s) (i) Lessee is subject to civil commercial law with respect to its obligations under the Lease; and

(ii) neither Lessee nor any of its assets is entitled to any right of immunity and the entry into and performance of the Lease by Lessee constitute private and commercial acts;

(t) there are no laws or other rules in Tanzania (including, without limitation, Emergency Powers laws) pursuant to which Lessee may be deprived of the Aircraft by any Government Entity or any other person, other than Lessor or any assignee of Lessor; and

(u) the Deregistration Power of Attorney is fully effective to authorise the Attorney named therein to act in accordance with the terms set out therein, and a duly appointed appointee of the Attorney named therein may (to the extent permitted by its appointment) serve as agent for the Attorney and perform any and all acts authorised therein as if originally authorised therein; the Deregistration Power of Attorney cannot be revoked by Lessee and would not terminate or lapse in the event of steps being taken for the cessation of activities, protection from creditors, winding up or dissolution of Lessee.

3. We do not purport to be experts on and do not purport to be generally familiar with or qualified to express legal opinions based on any law other than the laws of Tanzania and accordingly express no legal opinion herein based upon any law other than the laws of Tanzania.

Yours faithfully,

SCHEDULE 9

FORM OF DEREGISTRATION POWER OF ATTORNEY

By this DEREGISTRATION POWER OF ATTORNEY, **AIR TANZANIA COMPANY LIMITED**, a company incorporated under the laws of Tanzania whose registered office is at PO Box 543, Ohio/Garden Avenue, Dar es Salaam, Tanzania ("**Lessee**") agrees as follows:

BACKGROUND

Lessee and Wallis Trading Inc, a Liberian corporation ("**Lessor**" which term includes its successors in title and permitted assigns) are parties to an Aircraft Lease Agreement dated between Lessor as lessor and Lessee as lessee (the "**Lease**") pursuant to which Lessor has agreed to lease to Lessee, on the terms and subject to the conditions set out in the Lease, one B Airbus A320 – 210 Aircraft Manufacturer's Serial Number 630 and installed with two(2) CFM CFM56 – 5B4/P engines, having manufacturer's serial numbers 779247 and 779248, those engines may from time to time be replaced pursuant to the terms of the Lease (such aircraft and engines collectively the "**Aircraft**") .

1. In this Power of Attorney words and expressions defined in the Lease shall have the same meanings when used in this Power of Attorney.

2. Lessee now confers an irrevocable and unconditional power of attorney in favour of Lessor (with the right of substitution and re-substitution, and with the right to revoke any substitution or re-substitution granted) so that Lessor on the earlier of (i) the termination of the Lease following the occurrence of a Default; and (ii) the expiry by effluxion of time of the Lease Term :

(a) to release , terminate and void any and all of the interest of the Lessee in the Aircraft ;

(b) to consent to the transfer of the registration of the Aircraft ;

(c) to act in the name and for the account of Lessee wheresoever and whatsoever in all matters and affairs in connection with the deregistration of the Aircraft and/or termination, cancellation and release of any and all any interest of Lessee in the Aircraft registered in any personal property security register including any interest under the Lease ;

(d) to remove or export the Aircraft from its usual base of operation and to apply for and obtain permits, licences or approvals with respect to any of the above matters so that Lessor is empowered to do and perform all things which Lessee is now or would hereafter be entitled and empowered to do and perform, without any exception, in relation to those matters all for the account of Lessee to the extent permitted by the Lease Agreement;

(e) to sign, seal (if appropriate), deliver, file or execute any and all documents, agreements, applications, consents and other instruments of whatsoever nature as necessary or lawful

in connection with any or all of the matters referred to in paragraphs (a) – (d) above, bot inclusive

3. Lessor is empowered and authorised to delegate to such person or persons as it may choose the exercise of any or all of the powers conferred on Lessor hereunder.

4. Lessee ratifies and confirms and agrees to ratify and confirm whatsoever Lessor shall do or cause to be done lawfully hereunder, notably (but without limitation) in relation to and with the Air Authority in respect of deregistration of the Aircraft from the State of Registration.

5. The powers granted by Lessee hereunder are irrevocable for the Term and for such period of time thereafter as is necessary until deregistration of the Aircraft from the State of Registration has been completed and are granted for value and to secure proprietary interests of Lessor and the performance of obligations owed by Lessee to Lessor.

6. This Power of Attorney is governed by and shall be construed in accordance with the laws of England.

IN WITNESS WHEREOF this Power of Attorney has been executed this day of 2007.

The Common Seal of AIR TANZANIA
COMPANY LIMITED has been hereunto
Affixed in the presence of two proper
Officers of such company by whom or in whose
presence the Common Seal may be affixed

_____
Director
Name of Director:

_____
Director/Secretary
Name of Director/Secretary

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AIRCRAFT LEASE AGREEMENT

Dated

October 5, 2006

between

WALLIS TRADING INC

as

Lessor

and

AIR TANZANIA COMPANY LIMITED

as

Lessee

in respect of one

Airbus A320 – 210 Aircraft

Manufacturer's Serial Number 630