

MR01

Particulars of a charge

111120/43



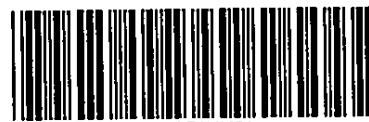
A fee is payable with this form.  
Please see 'How to pay' on the  
last page

You can use the Web  
Please go to www.companieshouse.gov.uk

☒ **What this form is for**  
You may use this form to register  
a charge created or evidenced by  
an instrument

☒ **What this form is NOT for**  
You may not use this form to  
register a charge where the charge  
instrument Use form MR02

MONDAY



LD3 09/06/2014 #19  
COMPANIES HOUSE

e  
k

This form **must be delivered to the Registrar for registration within 21 days** beginning with the day after the date of creation of the charge. If delivered outside of the 21 days it will be rejected unless it is accompanied by a court order extending the time for delivery.

☒ You **must** enclose a certified copy of the instrument with this form. This will be scanned and placed on the public record.

**1 Company details**

Company number 07744595

Company name in full Milestone Aviation UK Limited  
(the "Grantor")

For official use

→ **Filling in this form**  
Please complete in typescript or in  
bold black capitals  
All fields are mandatory unless  
specified or indicated by \*

**2 Charge creation date**

Charge creation date 28/05/2014

**3 Names of persons, security agents or trustees entitled to the charge**

Please show the names of each of the persons, security agents or trustees  
entitled to the charge

Name Wells Fargo Bank, N A , MAC U1 240-026, 260 North Charles Lindbergh  
Drive, Salt Lake City, Utah 84116 (as "Security Trustee")

Name

Name

Name

If there are more than four names, please supply any four of these names then  
tick the statement below

☐ I confirm that there are more than four persons, security agents or  
trustees entitled to the charge

# MR01

## Particulars of a charge

4

### Description

Please give a short description of any land (including buildings), ship, aircraft or intellectual property registered (or required to be registered) in the UK which is subject to this fixed charge or fixed security

#### Continuation page

Please use a continuation page if you need to enter more details

Description

N/A

5

### Fixed charge or fixed security

Does the instrument include a fixed charge or fixed security over any tangible or intangible (or in Scotland) corporeal or incorporeal property not described above? Please tick the appropriate box

☒ Yes

☐ No

6

### Floating charge

Is the instrument expressed to contain a floating charge? Please tick the appropriate box

☐ Yes Continue

☒ No Go to Section 7

Is the floating charge expressed to cover all the property and undertaking of the company?

☐ Yes

7

### Negative Pledge

Do any of the terms of the charge prohibit or restrict the chargor from creating any further security that will rank equally with or ahead of the charge? Please tick the appropriate box

☒ Yes

☐ No

# MR01

## Particulars of a charge

8

### Trustee statement ①

You may tick the box if the company named in Section 1 is acting as trustee of the property or undertaking which is the subject of the charge

☐

① This statement may be filed after the registration of the charge (use form MR06)

9

### Signature

Please sign the form here

Signature

Signature

/ X Clifford Chance LLP X

This form must be signed by a person with an interest in the charge

# MR01

## Particulars of a charge



### Presenter information

We will send the certificate to the address entered below. All details given here will be available on the public record. You do not have to show any details here but, if none are given, we will send the certificate to the company's Registered Office address.

Contact name Igor Bichenkov 80-40561304

Company name Clifford Chance LLP

Address 10 Upper Bank Street

Post town London

County/Region

Postcode E 1 4 5 J J

Country United Kingdom

DX 149120 Canary Wharf 3

Telephone 020 7006 1000



### Certificate

We will send your certificate to the presenter's address if given above or to the company's Registered Office if you have left the presenter's information blank.



### Checklist

We may return forms completed incorrectly or with information missing.

Please make sure you have remembered the following:

- ☒ The company name and number match the information held on the public Register
- ☒ You have included a certified copy of the instrument with this form
- ☒ You have entered the date on which the charge was created
- ☒ You have shown the names of persons entitled to the charge
- ☒ You have ticked any appropriate boxes in Sections 3, 5, 6, 7 & 8
- ☒ You have given a description in Section 4, if appropriate
- ☒ You have signed the form
- ☒ You have enclosed the correct fee
- ☒ Please do not send the original instrument, it must be a certified copy



### Important information

Please note that all information on this form will appear on the public record.



### How to pay

A fee of £13 is payable to Companies House in respect of each mortgage or charge filed on paper.

Make cheques or postal orders payable to 'Companies House'



### Where to send

You may return this form to any Companies House address. However, for expediency, we advise you to return it to the appropriate address below:

#### For companies registered in England and Wales:

The Registrar of Companies, Companies House,  
Crown Way, Cardiff, Wales, CF14 3UZ  
DX 33050 Cardiff

#### For companies registered in Scotland:

The Registrar of Companies, Companies House,  
Fourth floor, Edinburgh Quay 2,  
139 Fountainbridge, Edinburgh, Scotland, EH3 9FF  
DX ED235 Edinburgh 1  
or LP - 4 Edinburgh 2 (Legal Post)

#### For companies registered in Northern Ireland:

The Registrar of Companies, Companies House,  
Second Floor, The Linenhall, 32-38 Linenhall Street,  
Belfast, Northern Ireland, BT2 8BG  
DX 481 N R Belfast 1



### Further information

For further information, please see the guidance notes on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk) or email [enquiries@companieshouse.gov.uk](mailto:enquiries@companieshouse.gov.uk)

This form is available in an alternative format. Please visit the forms page on the website at [www.companieshouse.gov.uk](http://www.companieshouse.gov.uk)



**FILE COPY**

## **CERTIFICATE OF THE REGISTRATION OF A CHARGE**

Company number: 7744595

Charge code: 0774 4595 0001

The Registrar of Companies for England and Wales hereby certifies that a charge dated 28th May 2014 and created by MILESTONE AVIATION UK LTD was delivered pursuant to Chapter A1 Part 25 of the Companies Act 2006 on 9th June 2014.

*DL*

Given at Companies House, Cardiff on 12th June 2014



**Companies House**



**THE OFFICIAL SEAL OF THE  
REGISTRAR OF COMPANIES**

We hereby certify that, save for material redacted pursuant to s 859G of the Companies Act 2006, this is a true copy of the original

**GRANTOR SUPPLEMENT NO. 2**

Signed Clifford Chance LLP Date 09.06.2014

WELLS FARGO BANK, N.A., as the Security Trustee  
MAC U1240-026

260 North Charles Lindbergh Drive  
Salt Lake City, Utah 84116

Attention: Corporate Trust Services

Fax: +1 866-549-4890

Email: CTSLeaseCompliance@wellsfargo.com

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ

May 28, 2014

Re Aircraft Mortgage and Security Agreement and Guaranty, dated as of December 19, 2013

Ladies and Gentlemen:

Reference is made to the Aircraft Mortgage and Security Agreement and Guaranty, dated as of December 19, 2013 (as amended, supplemented and/or replaced from time to time, the "Aircraft Mortgage and Security Agreement"), among **MILESTONE AVIATION HOLDCO NO. 8 LLC**, a Delaware limited liability company, having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland ("U.S. Issuer"), **THE MILESTONE AVIATION ASSET HOLDING GROUP NO. 8 LTD.**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "Bermuda Issuer" and, together with the U.S. Issuer, the "Issuers" and each, an "Issuer"), **THE MILESTONE AVIATION GROUP LIMITED**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "Manager"), the other **ADDITIONAL GRANTORS** who from time to time become grantors thereunder (such Additional Grantors together with the Issuers, the "Grantors"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("Wells Fargo"), as the security trustee (in such capacity, and together with any permitted successor or assign thereto or any permitted replacement thereof, the "Security Trustee")

The undersigned, Milestone Aviation UK Ltd., hereby agrees, as of the date first above written, to become a Grantor under the Aircraft Mortgage and Security Agreement as if it were an original party thereto and agrees that, except as otherwise provided or the context otherwise requires, each reference in the Aircraft Mortgage and Security Agreement to "Grantor" shall also mean and be a reference to the undersigned.

**Grant of Security Interest.** To secure the Secured Obligations, the undersigned Grantor hereby assigns and pledges to the Security Trustee for its benefit and the benefit of the other Secured Parties and hereby grants to the Security Trustee for its benefit and the benefit of the other Secured Parties a first priority security interest in, all of its right, title and interest in and to the following (collectively, the "Supplementary Collateral"):

(a) all of such Grantor's right, title and interest in and to (i) each Pool Aircraft described on Annex I hereto, including the Airframe and Engines as the same is now and will hereafter be constituted, and in the case of such Engines, unless otherwise provided herein, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, including all the Aircraft Objects described on Annex I hereto, together with (ii) all Parts of whatever nature, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines and all Parts which are from time to time included within the definitions of "Airframe" or "Engines" (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts), (iii) all Manuals and Technical Records and (iv) all Related Assets;

(b) with respect to each Pool Aircraft, any Eligible Lease and any Intermediate Lease to which such Grantor is or may from time to time be party and any leasing arrangements with respect to such Aircraft between Grantors with respect to such Aircraft, (all such Eligible Leases and Intermediate Leases, collectively, the "Assigned Leases"), including, without limitation, (i) all rights of such Grantor to receive Scheduled Payments and moneys due and to become due under or pursuant to such Assigned Leases, (ii) all rights of such Grantor to receive proceeds of any Insurances, indemnity, warranty or guaranty with respect to such Assigned Leases, (iii) claims of such Grantor for damages arising out of or for breach or default under such Assigned Leases, (iv) all rights of such Grantor under any such Assigned Lease with respect to any subleases of the Aircraft subject to such Assigned Lease, (v) the right of such Grantor to terminate such Assigned Leases and to compel performance of, and otherwise to exercise all remedies under, any Assigned Lease, whether arising under such Assigned Leases or by statute or at law or in equity and (vi) all rights of such Grantor under any assignment of any sublease entered into by the relevant Lessee in respect of such Pool Aircraft;

(c) all of such Grantor's rights to receive proceeds of any insurance with respect to the applicable Lease up to the amount of hull insurance in respect of the Pool Aircraft required to be carried under the Aircraft Mortgage and Security Agreement or where a Lease is not then in effect, all rights of such Grantor to receive any money or non-money proceeds of (x) an Airframe or Engine of a Pool Aircraft, arising from the total or partial loss or destruction of such Airframe or its Engine or its total or partial confiscation, condemnation or requisition up to the amount of hull insurance in respect of such Pool Aircraft required to be carried hereunder and (y) the other Insurances;

(d) all of such Grantor's right, title and interest in and to (the "**Beneficial Interest Collateral**");

(i) the Pledged Beneficial Interests (in case of an Intermediate Subsidiary that is leasing a Pool Aircraft only to the extent that its Equity Interest can be pledged without contravention of applicable law) described on Annex II hereto, any trust agreements (including Aircraft Documents), other agreements, contracts and instruments pursuant to which any such Pledged Beneficial Interests are created or issued and all distributions, cash, instruments, property and other economic rights from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Beneficial Interests, and all

control rights under the governing documents of the Pledged Beneficial Interests, and all general intangibles relating thereto; and

(ii) all of such Grantor's right, title and interest in all Equity Interests in any Equity Party (in case of an Intermediate Subsidiary that is leasing a Pool Aircraft only to the extent that its Equity Interest can be pledged without contravention of applicable law) that may be formed from time to time (except to the extent provided in Section 2.19(g)), the trust agreements (including Aircraft Documents), other agreements and any other contracts and instruments pursuant to which any such Pledged Beneficial Interest is created or issued, and all certificates, if any, from time to time representing such Pledged Beneficial Interests and all distributions, cash, instruments, property and other economic interests from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional Pledged Beneficial Interests, and all control rights and membership, partnership or other interests under the governing documents of such additional Pledged Beneficial Interests, and all general intangibles relating thereto;

(e) all of such Grantor's right, title and interest in and to the property identified as subject to the Lien of the Aircraft Mortgage and Security Agreement and the Collateral in a Collateral Supplement executed and delivered by such Grantor to the Security Trustee;

(f) all right of such Grantor in and to the Cash Collateral Accounts and all funds, cash, investment property, investments, securities, instruments or other property (including all "financial assets" within the meaning of Section 8-102(a)(9) of the UCC) at any time or from time to time credited to any such account (collectively, the "Account Collateral"); and

(g) the amounts (if any) owing to such Grantor by the Manager,

(h) all supporting obligations and proceeds of any and all of the foregoing Supplementary Collateral (including proceeds that constitute property of the types described in subsections (a), (b), (c), (d), (e), (f) and (g) above);

**provided that** the Collateral shall not include any Excluded Property. Notwithstanding anything to the contrary contained herein, in the NPA or in any other Transaction Document, no Grantor shall be deemed to have made any representation, warranty or covenant regarding the perfection, priority and/or enforceability against third parties of the security interest granted hereunder in any Lease Collateral or in the Related Assets and the rights and remedies of the Security Trustee against third parties in respect of in any Lease Collateral or in the Related Assets, except the applicable Grantor covenants, represents and warrants that to the extent the security interest granted in any Lease Collateral can be perfected in the United States by filing of UCC Financing Statements, such security interest will be so perfected on the applicable Closing.

The undersigned Grantor hereby makes each representation and warranty set forth in Section 2.04 of the Aircraft Mortgage and Security Agreement (as supplemented and amended by the attached Annexes), hereby confirms that all actions constituting Express Perfection Requirements with respect to the Supplementary Collateral required to be taken under the Aircraft Mortgage and Security Agreement by the undersigned Grantor prior to the execution and delivery hereof have been taken and hereby agrees that the foregoing Supplementary

EXECUTION VERSION

Collateral is "Collateral" as defined in the Aircraft Mortgage and Security Agreement and agrees to be bound as a Grantor by all of the terms and provisions of the Aircraft Mortgage and Security Agreement. The undersigned Grantor hereby delivers the Opinion of the counsel under Section 2.01 of the Aircraft Mortgage and Security Agreement, in form required thereunder. Each reference in the Aircraft Mortgage and Security Agreement to the Collateral shall be construed to include a reference to the corresponding Supplementary Collateral hereunder.

The undersigned hereby agrees that it is a "Guarantor Party" as provided in Section 8.01 of the Aircraft Mortgage and Security Agreement.

Attached is a duly completed Annex IV and Annex VIII hereto and the corresponding Schedules IV and VIII of the Aircraft Mortgage and Security Agreement are amended and supplemented as set forth in Annex IV and VIII hereto.

*[Signature Page Follows]*

This Grantor Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

Very truly yours,

**MILESTONE AVIATION UK LTD.,** as Grantor

By:  **Wilmington Trust SP Services (London) Limited**

Name:

Title: **Mignon Clarke**  
**Authorised Signatory**

Acknowledged and agreed to as of the date first above written:

**WELLS FARGO BANK, N.A.,**

not in its individual capacity, but solely as the Security Trustee

By: \_\_\_\_\_

Name:

Title:

This Grantor Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

Very truly yours,

**MILESTONE AVIATION UK LTD., as Grantor**

By: \_\_\_\_\_

Name:

Title:

Acknowledged and agreed to as of the date first above written:

**WELLS FARGO BANK, N.A.,**

not in its individual capacity, but solely as the Security Trustee

By \_\_\_\_\_

Name:

**David Wall**

Title:

**Vice President**

ANNEX I  
GRANTOR SUPPLEMENT

AIRCRAFT OBJECTS

Grantor (Owner Trust or SPC)	Airframe Manufacturer	Airframe Model	Airframe MSN	Engine Manufacturer and Model	Engine Serial Numbers
N/A					

ANNEX II  
GRANTOR SUPPLEMENT  
PLEDGED BENEFICIAL INTERESTS

Grantor	Issuer	Certificate No	Percentage of Beneficial Interest
N/A			

PLEDGED STOCK

Grantor	Issuer	Par Value	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares
N/A					

PLEDGED MEMBERSHIP INTERESTS

Grantor/Manager	Issuer	Percentage of Membership Interest
N/A		

EXECUTION VERSION

**ANNEX III  
GRANTOR SUPPLEMENT**

**TRADE NAMES**

N/A

**ANNEX IV  
GRANTOR SUPPLEMENT**

Name of Grantor/Manager	Type of Organization/Jurisdiction of Organization	"location" (for purposes of Section 9-307 of the UCC)	Places of business	Chief Executive Office	Mailing Address	Org ID (if required on Financing Statement / Ireland ID #)
Milestone Aviation UK Ltd.	Company/England and Wales	District of Columbia	Units 23 & 24 Classon House Dundrum Business Park Dundrum Road, Dublin 14 Ireland	Units 23 & 24 Classon House Dundrum Business Park Dundrum Road, Dublin 14 Ireland	Units 23 & 24 Classon House Dundrum Business Park Dundrum Road, Dublin 14 Ireland	N/A

EXECUTION VERSION

ANNEX VI  
GRANTOR SUPPLEMENT

TRUST DESCRIPTION

Aircraft Make/Model	MSN	Registration State/ Jurisdiction of Registration	Engine Make/Model	ESNs	Home Type	Trailer	Trust Agreement
N/A							

**ANNEX VIII  
GRANTOR SUPPLEMENT**

**ASSIGNED LEASES**

1      Aircraft Lease Agreement dated 19 December 2012 Between Milestone Aviation UK Ltd. as Lessor and Thai Aviation Services Co. Ltd. as Lessee (as amended or otherwise supplemented).

Clifford Chance LLP

Igor Rechenkov

29 s 17

10 Upper Bank Street

London

E14 5 33

Tel: 0207 006 8912

We hereby certify that, save for material  
redacted pursuant to s 859G of the  
Companies Act 2006, this is a true copy of the original.

Signed Clifford Chance LLP Date 09 06 2014

10688852 21

Clifford Chance LLP  
10 Upper Bank Street  
London E14 5JJ

Execution Copy

AIRCRAFT MORTGAGE AND SECURITY AGREEMENT  
AND GUARANTY

DATED AS OF DECEMBER 19, 2013

AMONG

MILESTONE AVIATION HOLDCO NO 8 LLC

AND

THE MILESTONE AVIATION ASSET HOLDING GROUP NO 8 LTD.

AS ISSUERS

THE MILESTONE AVIATION GROUP LIMITED

AS MANAGER

THE ADDITIONAL GRANTORS REFERRED TO HEREIN  
AS THE GRANTORS

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
AS SECURITY TRUSTEE

---

**\$158,000,000 4 49% SERIES A-1 GUARANTEED SENIOR SECURED  
NOTES DUE 2020**

**\$112,000,000 5 55% SERIES A-2 GUARANTEED SENIOR SECURED  
NOTES DUE 2021**

**\$45,000,000 5 86% SERIES A-3 GUARANTEED SENIOR SECURED  
NOTES DUE 2022**

**\$105,000,000 6 12% SERIES A-4 GUARANTEED SENIOR SECURED  
NOTES DUE 2023**

**\$80,000,000 5 86% SERIES A-5 GUARANTEED SENIOR SECURED  
NOTES DUE 2022**

**\$75,000,000 6 12% SERIES A-6 GUARANTEED SENIOR SECURED  
NOTES DUE 2023**

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## **EXHIBITS**

Exhibit A-1	Form of Collateral Supplement
Exhibit A-2	Form of Grantor Supplement
Exhibit B	Form of FAA Aircraft Mortgage
Exhibit C	Form of Acknowledgment

**THIS AIRCRAFT MORTGAGE AND SECURITY AGREEMENT AND GUARANTY** (this "**Agreement**"), dated as of December 19, 2013, is made among **MILESTONE AVIATION HOLDCO NO. 8 LLC**, a Delaware limited liability company, having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland ("**U.S. Issuer**"), **THE MILESTONE AVIATION ASSET HOLDING GROUP NO. 8 LTD.**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Bermuda Issuer**" and, together with the U.S. Issuer, the "**Issuers**" and each, an "**Issuer**"), **THE MILESTONE AVIATION GROUP LIMITED**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Manager**"), the other **ADDITIONAL GRANTORS** who from time to time become grantors under this Agreement, including **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity but solely as owner trustee in respect of certain trusts and Aircraft listed on Schedule VI ("**WFBN**"), and **WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED**, not in its individual capacity but solely as initial trustee in respect of certain trusts and Aircraft listed on Schedule VI ("**Wilmington**", together with WFBN, the "**Initial Owner Trustees**" and together with any successors, replacements or additional owner trustees who from time to time become party hereto, the "**Owner Trustees**") (such Additional Grantors, together with the Issuers, the "**Grantors**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("**Wells Fargo**"), as the security trustee (in such capacity, and together with any permitted successor or assign thereto or any permitted replacement thereof, the "**Security Trustee**")

#### **PRELIMINARY STATEMENTS:**

The Issuers and the Manager have entered into that certain Master Note Purchase Agreement, dated as of the date hereof (the "**NPA**") pursuant to which the Issuers will issue their \$158,000,000 4.49% Series A-1 Guaranteed Senior Secured Notes due 2020 (the "**Series A-1 Notes**"), \$112,000,000 5.55% Series A-2 Guaranteed Senior Secured Notes due 2021 (the "**Series A-2 Notes**"), \$45,000,000 5.86% Series A-3 Guaranteed Senior Secured Notes due 2022 (the "**Series A-3 Notes**"), \$105,000,000 6.12% Series A-4 Guaranteed Senior Secured Notes due 2023 (the "**Series A-4 Notes**"), \$80,000,000 5.86% Series A-5 Guaranteed Senior Secured Notes due 2022 (the "**Series A-5 Notes**") and \$75,000,000 6.12% Series A-6 Guaranteed Senior Secured Notes due 2023 (the "**Series A-6 Notes**" and, together with the Series A-1 Notes, the Series A-2 Notes, the Series A-3 Notes, Series A-4 Notes and Series A-5 Notes, the "**Notes**", and such term to include such notes as amended, restated or otherwise modified from time to time)

(2) The Grantors and the Manager, on the date hereof, and may from time to time hereafter, wish to grant security to the Security Trustee for the benefit of the Security Trustee, on behalf of the Holders of the Notes (collectively, together with any additional notes provided to be issued under the NPA, the "**Securities**"), and for the benefit of the Holders of Permitted Additional Debt as hereinafter defined, all in accordance with and subject to the terms and conditions of this Agreement

(3) The Issuers and the Manager have agreed pursuant to the NPA, and it is a condition precedent to the issuance of the Securities by the Issuers under the NPA, that the Issuers, the Manager and the other Grantors enter into this Agreement

(4) The Owner Trustees hold legal title in trust to certain Pool Aircraft listed on Schedule VI hereto and the Bermuda Issuer holds the beneficial interest of the trusts that hold title to such Pool Aircraft

(5) Each Grantor and the Manager will derive substantial direct and indirect benefit from the transactions described above

(6) Wells Fargo is willing to act as the Security Trustee under this Agreement

**NOW, THEREFORE**, in consideration of the premises, each Grantor and the Manager hereby agrees with the Security Trustee for its benefit and the benefit of the other Secured Parties, and the Security Trustee hereby agrees on its own behalf and on behalf of the other Secured Parties, as follows

## **ARTICLE I**

### **DEFINITIONS**

**Section 1.01. Definitions.** (a) **Certain Defined Terms** For the purposes of this Agreement, the following terms have the meanings indicated below

**"Account Collateral"** has the meaning specified in Section 2.01(f)

**"Account Control Agreement"** means an Account Control Agreement in a form reasonably acceptable to the Security Trustee among the applicable Grantor, the Security Trustee and the applicable depository or Securities Intermediary, with respect to each Collections Account, Cash Collateral Account and Proceeds Account, as the case may be

**"Additional Grantor"** has the meaning specified in Section 9.01(b)

**"Additional Pool Aircraft"** means any Aircraft added to the Designated Pool after the Effective Date, in accordance with the terms hereof

**"Affiliate"** has the meaning specified in the NPA

**"Agreed Currency"** has the meaning specified in Section 9.07

**"Agreement"** has the meaning specified in the recital of parties to this Agreement

**"Aircraft"** has the meaning specified in the NPA

**"Aircraft Documents"** means with respect to an Eligible Entity that Owns a Pool Aircraft, the Eligible Trust Agreement or other organizational documents, as applicable, in respect of such Eligible Entity

**"Aircraft Revenues"** means, with respect to any Pool Aircraft, all amounts paid to and received by (including in the Collections Account) an Eligible Entity, the Manager, the Grantors or any other Subsidiary of the Issuers, attributable to such Pool Aircraft,

including but not limited to (i) any Scheduled Payments and other amounts payable by a Lessee to an Eligible Entity, the Manager, the Issuers or any other Subsidiary of the Issuers, pursuant to the related Eligible Lease for such Pool Aircraft, and (ii) amounts paid by any guarantor or other credit support provider relating to such Lessee in respect of amounts payable pursuant to the related Eligible Lease for such Pool Aircraft. Notwithstanding the foregoing, Aircraft Revenues do not include the proceeds from Asset Sales or Events of Loss, Maintenance Reserve Payments or Security Deposits (unless, and to the extent that, such Security Deposit is applied toward the payment of any Scheduled Payments) and to the or Excluded Property.

**"Airframe"** means, in respect of all Pool Aircraft, all airframes Owned by each Grantor, and individually, each of the airframes described on Schedule I hereto, as amended or supplemented by any Collateral Supplement or Grantor Supplement.

**"Appraisal"** means with respect to any Pool Aircraft, a "desk top" appraisal of such Pool Aircraft by a Qualified Appraiser, which appraisal opines as to the Appraised Value of such Pool Aircraft.

**"Appraised Value"** means, with respect to any Pool Aircraft as of any date of determination thereof, the Base Value of a Pool Aircraft determined by an Appraisal, prepared based on the assumption that the physical condition of such Pool Aircraft is average for an aircraft of its type and age, and that its maintenance time status is in half-time condition, **provided however that** (i) the Appraised Value of such Pool Aircraft shall be adjusted relative to half-time condition based on Current Status required to be provided to the Appraiser by the Manager with respect to such Pool Aircraft, and (ii) in the case where a power-by-the-hour ("**PBH**") maintenance contract is applicable to the Aircraft (or any Engine), the PBH covered items will be valued based on a full-life scenario which assumes the covered items being fresh from major overhauls, inspections or performance restorations as appropriate, with any life-limited components having 100% of their certified lives remaining.

**"Base Value"** means, with respect to a Pool Aircraft, the value, expressed in dollars, of such Pool Aircraft, determined on the basis of an open, unrestricted, stable market environment with a reasonable balance of supply and demand and with full consideration of such Pool Aircraft's "highest and best use", presuming an arm's length, cash transaction between willing, able and knowledgeable parties, acting prudently, with an absence of duress and with a reasonable period of time available for remarketing.

**"Beneficial Interest Collateral"** has the meaning specified in Section 2.02.

**"Business Day"** means any day that is not a Saturday, Sunday or other day on which banking institutions are generally authorized or obligated by law or regulation to close in New York City or Dublin, Ireland.

**"Cape Town Convention"** means, collectively, the Convention and the Protocol, together with all regulations and procedures issued in connection therewith, and all other

rules, amendments, supplements, modifications, and revisions thereto (in each case using the English language version)

**"Cash Collateral Account"** means the account(s) established in the name of the Bermuda Issuer and maintained at Wells Fargo Bank, National Association, as Security Trustee, for the holding of cash Collateral hereunder as and when required by the Security Agreement or the NPA to be deposited hereunder, and shall include the Proceeds Account

**"Change of Account Notice"** means a notice from the relevant Grantor and, if applicable, the Intermediate Subsidiary, as lessor, the Bermuda Issuer or the Manager delivered to the relevant Eligible Lessee under an Eligible Lease to make all Aircraft Revenue payments to the Collections Account

**"Collateral"** has the meaning specified in Section 2.02

**"Collateral Supplement"** means a supplement to this Agreement in substantially the form attached as Exhibit A-1 executed and delivered by a Grantor from time to time

**"Collections Account"** means account number 01893061763, in the name of the Bermuda Issuer maintained with The Huntington National Bank, or any other deposit or similar account of the Bermuda Issuer into which Aircraft Revenues are deposited, which is subject to a first priority, perfected security interest in favor of the Security Trustee and with respect to which the Bermuda Issuer has executed and delivered an Account Control Agreement

**"Convention"** means the Convention on International Interests in Mobile Equipment signed in Cape Town, South Africa on November 16, 2001

**"Current Status"** means, in respect of any Aircraft or Engine, the current maintenance/hour/cycle/life status of such Aircraft or Engine, as well as its current specifications and role

**"Debtor Relief Laws"** means the Bankruptcy Code of the United States, and all other liquidation, conservatorship, bankruptcy, assignment for the benefit of creditors, moratorium, rearrangement, receivership, insolvency, reorganization, or similar debtor relief Laws of the United States or other applicable jurisdictions from time to time in effect and affecting the rights of creditors generally

**"Deregistration Power of Attorney"** means, in respect of any Pool Aircraft, the deregistration power of attorney, if any, executed by the applicable Lessee in favor of the relevant Eligible Entity in connection with the applicable Eligible Lease

**"Designated Pool"** means the Pool Aircraft Owned by the Grantors and listed on Schedule I hereto, and thereafter as amended, restated or supplemented from time to time in accordance with the terms hereof, including by any Collateral Supplement or Grantor Supplement

**"Effective Date"** means the date of initial issuance of the Notes

**"Eligible Entity"** means the meaning specified in the NPA

**"Eligible Institution"** means (a) Wells Fargo in its capacity as the Security Trustee and Securities Intermediary under this Agreement, (b) any bank or financial institution not organized under the laws of the United States of America so long as it has either (i) a long-term unsecured debt rating of A- or better by Standard & Poor's and A3 or better by Moody's or (ii) a short-term unsecured debt rating of A-1+ by Standard & Poor's and P-1 or better by Moody's, or (c) any bank or financial institution organized under the laws of the United States of America or any state thereof, or the District of Columbia (or any branch of a foreign bank licensed under any such laws), so long as it (i) has either (A) a long-term unsecured debt rating of A- (or the equivalent) or better by each of Standard & Poor's and Moody's or (B) a short-term unsecured debt rating of A-1+ by Standard & Poor's and P-1 by Moody's and (ii) can act as a Securities Intermediary

**"Eligible Lease"** has the meaning specified in the NPA

**"Eligible Lessee"** has the meaning specified in the NPA

**"Enforcement Event"** means the (i) acceleration of the principal owing to them by the Holders of more than 50% of the outstanding Secured Debt following the occurrence and during the continuation of an Event of Default in respect of such Secured Debt or (ii) any event occurs with respect to any of the Manager, the U S Issuer or any of the U S Issuer's Subsidiaries under Section 11(g), (h) and (i) (other than an Event of Default described in clause (i) of Section 11(g) or described in clause (vi) of Section 11(g) by virtue of the fact that such clause encompasses clause (i) of Section 11(g)) of the NPA

**"Engine"** means, in respect of all Pool Aircraft, all aircraft engines Owned by each Grantor, and individually, each of the aircraft engines described on Schedule I hereto (as supplemented from time to time by the Manager), related to the applicable Airframe, as of the date such aircraft engine becomes subject to this Agreement, or thereafter, any other engine of the same or similar make and model number which has replaced such engine, title to which has been transferred to the applicable Grantor **provided that** where the engine being replaced is subject to an Eligible Lease, such engine replacement shall occur in accordance with the terms of the applicable Eligible Lease

**"Equity Interests"** means shares of capital stock, issued share capital, partnership interests, membership interests in a limited liability company, beneficial interests in a trust or SPC or other equity ownership interests in a Person, including all economic rights, control rights and partnership, membership, trust, company or other status as such (as applicable)

**"Equity Party"** means the U S Issuer or any direct or indirect Subsidiary of the U S Issuer that, directly or indirectly, Owns or leases a Pool Aircraft included in the Borrowing Base

**"Event of Default"** means any Event of Default under and as defined under the terms of any Secured Debt

**"Event of Loss"** means with respect to any Pool Aircraft (a) if the same is subject to an Eligible Lease, a "Total Loss," "Casualty Occurrence" or "Event of Loss" or the like (in each case, however so defined in such Eligible Lease), or (b) if the same is not subject to an Eligible Lease, (i) the loss of such property or the use thereof due to the destruction of or damage to such property that renders repair uneconomic or that renders such property permanently unfit for normal use, (ii) any damage or loss to or other circumstance in respect of such property that results in either an insurance settlement in respect of such property on the basis of a total loss, or a constructive or arranged total loss, (iii) the confiscation or nationalization of, or requisition of title to, such property by any Governmental Authority that shall have resulted in the loss of title to such property by an Issuer or the applicable Eligible Entity, (iv) the theft or disappearance of such property that shall have resulted in the loss of possession of such property by an Issuer or the applicable Eligible Entity for a period in excess of 90 days, or (v) the seizure of, or the requisition for use of, such property by any Governmental Authority (other than the United States) that shall have resulted in the loss of possession of such property by an Issuer or the applicable Eligible Entity and such requisition for use shall have continued beyond the earlier of 180 days or the receipt of insurance or condemnation proceeds with respect thereto. An Event of Loss in respect of a Pool Aircraft shall be deemed to have occurred if an Event of Loss occurs in respect of the associated Airframe. An Event of Loss with respect to any Pool Aircraft shall be deemed to have occurred (A) in the case of an Event of Loss specified in clause (a) above, the earlier of (1) the date such Event of Loss occurs pursuant to the relevant Eligible Lease and (2) three Business Days after the date of the applicable Eligible Entity's receipt of the amount required to be paid thereunder as a result thereof and (B) in the case of an Event of Loss in clause (b) above, as follows: (1) in the case of an actual total loss, at 12 00 noon (New York time) on the date on which such Aircraft was lost or, if such date is not known, at 12 00 noon (New York time) on the date on which such Aircraft was last heard from, (2) in the case of events described in clause (i) above (other than an actual total loss), on the date such destruction or damage is determined to be uneconomic to repair or the date on which such property is determined to be permanently unfit for normal use, (3) in the case of any of the events described in clause (ii) above (other than an actual total loss), on the date that such loss is admitted by the insurers or a competent court or arbitration tribunal issues a judgment to the effect that such loss has occurred, and (4) in the case of any of the events in clauses (iii), (iv) or (v) above, upon the occurrence thereof.

**"Excluded Property"** means (a) proceeds of public liability insurance (or government or other Person (including the manufacturer, any Lessee and any sublessee of the Lessee) indemnities in lieu thereof) in respect of Pool Aircraft paid or payable as a result of insurance claims made, or losses suffered, by any Grantor or the Manager or other indemnitee or payee entitled thereto, (b) proceeds of insurance (including, if applicable, directors and officers liability insurance) maintained by any Grantor or the Manager or any Affiliate thereof for its or their own account or benefit (whether directly or through a Grantor) and not required by this Agreement and proceeds of insurance in excess of the amounts required hereunder, (c) any general indemnity, Tax or other indemnity payments,

expenses, reimbursements and similar payments and interest in respect thereof paid or payable in favor of any Grantor or the Manager or any Affiliate thereof, or their respective successors or assigns, officers, directors, employees, agents, managers and servants, including any such payments pursuant to any Lease or related Agreement but not including any such payment by any (i) Grantor or (ii) Governmental Authority made in lieu of hull Insurance, (d) any Security Deposit (unless, and to the extent that, such Security Deposit is applied toward the payment of any Scheduled Payments) or Maintenance Reserve Payments, (e) any right to exercise any election or option or make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of rights under clauses (a) to (d) above, and (f) the proceeds from the enforcement of any right to enforce the payment of any amount described in clauses (a) to (e) above but only to the extent such proceeds would constitute property or assets of the type described in clause (a) through (e) above

**"Express Perfection Requirements"** has the meaning specified in Section 2 08

**"FAA"** means the Federal Aviation Administration of the United States of America

**"FAA Aircraft Mortgage"** means an FAA Aircraft Mortgage with respect to a Pool Aircraft registered in the United States, substantially in the form attached as Exhibit B

**"GAAP"** has the meaning specified in the NPA

**"Governmental Authority"** has the meaning specified in the NPA

**"Government Security"** means any security issued or guaranteed by the United States of America or an agency or instrumentality thereof that is maintained in book-entry on the records of the Federal Reserve Bank of New York and is subject to Revised Book-Entry Rules

**"Grant"** has the meaning specified in Section 2 01

**"Grantor Supplement"** means a supplement to this Agreement in substantially the form attached as Exhibit A-2 executed and delivered by a Grantor from time to time

**"Grantors"** has the meaning specified in the recital of parties to this Agreement

**"Guaranteed Obligations"** means in respect of the guarantee by a Guarantor Party set forth in Article VIII of this Agreement, all Secured Obligations of the Manager and the Grantors, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising

**"Guarantor Party"** has the meaning specified in Section 8 01

**"Holder"** or **"holder"** or other similar terms, when used with reference to a Security or Permitted Additional Debt, means the Person in whose name at the time a registered Security or Permitted Additional Debt is registered on the books of the Issuers or the

Manager kept for that purpose in accordance with the terms of the NPA or other related agreement in respect of any Permitted Additional Debt

**"IFRS"** means International Financial Reporting Standards, as adopted by the International Accounting Standards Board (IASB), and in effect from time to time

**"Insurances"** means, in relation to each Pool Aircraft, any and all contracts or policies of insurance and reinsurance complying with the provisions of Schedule V hereto or an indemnity from a Governmental Authority as indemnitor, as appropriate, and required to be effected and maintained in accordance with this Agreement.

**"Intercreditor Agreement"** has the meaning specified in the NPA

**"Intermediate Lease"** means, in respect of any Pool Aircraft, the lease to be entered into between the relevant Eligible Entity or an Intermediate Subsidiary (as lessor) and an Intermediate Subsidiary (as lessee)

**"Intermediate Subsidiaries"** has the meaning specified in the NPA

**"International Registry"** has the meaning given to it in the Cape Town Convention

**"Ireland"** means the Republic of Ireland

**"Issuers"** has the meaning specified in the preliminary statements of this Agreement

**"Laws"** means, collectively, all international, foreign, federal, state and local statutes, treaties, rules, guidelines, regulations, ordinances, codes and administrative or judicial precedents or authorities, including the interpretation or administration thereof by any Governmental Authority charged with the enforcement, interpretation or administration thereof, and all applicable administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authority, in each case whether or not having the force of law

**"Lease"** means an Eligible Lease or where context so requires, a Sublease, an Intermediate Lease or a Sub-Sublease or any other lease agreement, from time to time entered into between a Grantor and an Affiliate or a non-Affiliate of an Issuer, any sublease or any sub-sublease, in each case together with all addenda, exhibits, schedules, supplements and amendments thereto

**"Lease Collateral"** means the Collateral described in Section 2.01(b)

**"Leasing Company Practice"** means, in relation to a Pool Aircraft and any particular issue or matter, the customary commercial practice of the Manager, having regard to the customary commercial practice that the Manager applies under similar circumstances in respect of other aircraft owned and/or managed or serviced by it or any of its Affiliates but without regard to the identity of the financing parties or the economic terms of the applicable financings

**"Lessee"** means any party to a Lease as lessee thereunder and where the context so requires, includes any Eligible Lessee, Sublessee, Sub-Sublessee or the relevant lessee, sublessee or sub-sublessee that is authorized to operate a Pool Aircraft

**"Lien"** means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset (excluding, however, for purposes of clarification, the contract rights of any Person against an Issuer or a Grantor under any credit support, guarantee, indemnity, residual agreement or similar document or instrument, in each case constituting a part of the Excluded Property, whether arising by way of subrogation or otherwise), (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset if at least 90 days have expired since the date of delivery of such asset to the applicable vendee or lessee, and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities

**"Local Requirements Exception"** means an exception for Equity Interests or title to a Pool Aircraft to be held by directors, trustees, nominees, conditional vendors or similar persons under similar arrangements in order to meet local nationality or other local requirements regarding registration or ownership of aircraft or to minimize the impact of any Taxes on an Issuer, any Grantor, any Affiliate thereof or Eligible Lessee, which is consistent with Leasing Company Practice

**"Maintenance Reserve Payments"** with respect to a Pool Aircraft, means any amounts paid by the related Lessee, pursuant to the terms of a Lease, as reserves or security in respect of the maintenance, repair or similar payments and expenses for the related Pool Aircraft and shall include any letters of credit procured by a Lessee or an Affiliate of a Lessee to satisfy any maintenance reserve obligations under such Lease

**"Majority Holders"** has the meaning specified in Section 3.04

**"Manuals and Technical Records"** means all technical data, manuals and log books, and all inspection, modification and overhaul records, all service, repair, maintenance and technical records and all other similar records (i) with respect to each Pool Aircraft that is subject to a Lease, title to which is vested in a Grantor in accordance with the provisions of such Lease, or (ii) with respect to each Aircraft that is not subject to a Lease, which is required to be maintained by the applicable aviation authority or any other Governmental Authority having jurisdiction, and such term shall include all applicable additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, pursuant to applicable law and in each case in whatever form and by whatever means or medium (including, without limitation, microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by the relevant Lessee

**"Notes"** has the meaning specified in the recital of the parties to this Agreement

**"NPA"** has the meaning specified in the recital of the parties to this Agreement

**"Opinion"** means an opinion in writing, in customary form (including customary qualifications and exclusions), signed by an internationally recognized independent legal counsel with relevant expertise (for the avoidance of doubt, any counsel who issued an opinion to the Security Trustee and the Purchasers on the Effective Date constitutes satisfactory legal counsel) Each such opinion provided for in this Agreement or any other Transaction Document and delivered to the Security Trustee and the holders of the Notes with respect to compliance with a condition provided for in this Agreement or any other Transaction Document, including each Express Perfection Requirement, shall include a statement (1) that the person making such opinion has read such condition, (2) as to the nature and scope of the examination or investigation upon which the opinion provided is based, (3) that, in such person's opinion, such person has made such examination or investigation as is necessary to enable such person to express an informed opinion as to whether or not such condition has been complied with; (4) as to whether or not, in the opinion of such person, such condition, including any applicable Express Perfection Requirements, has been complied with, and (5) with respect to any other customary opinion for the applicable transaction in customary form

**"Own"** has the meaning specified in the NPA

**"Owner Trust"** means any Eligible Trust, as defined in the NPA, for the avoidance of doubt, where the context so requires, references to an "Owner Trust" shall be a reference to the owner trustee of such Owner Trust

**"Parts"** means, with respect to any Airframe or Engine, any rotors, rotor blades, rotor component, component, auxiliary power unit, avionics, appliance, part, instrument, appurtenance, accessory, furnishing or other equipment of whatever nature (other than Engines) which may from time to time be installed or incorporated in or attached or appurtenant to any Airframe or any Engine and to which the Eligible Entity that owns such Airframe or Engine has title or, after removal therefrom, so long as title thereto shall remain vested in the related Eligible Entity

**"Permitted Additional Debt"** means any indebtedness for borrowed money secured by a Lien on the Collateral, so long as (i) on or before the date on which such indebtedness is incurred by the Issuers, such indebtedness is designated by the Manager on behalf of the Issuers, in an officers' certificate delivered to the Security Trustee as "Permitted Additional Debt" for the purposes of the Security Documents, which officer's certificate shall confirm that the requirements in this definition of "Permitted Additional Debt" have been satisfied, (ii) such indebtedness ranks *pari passu* with the Securities, (iii) the Secured Debt Representative has executed and delivered to the Security Trustee the Intercreditor Agreement, and (iv) all requirements set forth in the NPA as to the issuance or grant of the Permitted Additional Debt to secure such indebtedness in respect thereof are satisfied

**"Permitted Liens"** means

- (a) any inchoate Lien for taxes, assessments or governmental charges or levies not yet due or any Lien for taxes, assessments or governmental charges or levies

being contested in good faith and by appropriate proceedings for which adequate reserves have been established in accordance with IFRS or GAAP, as the case may be,

- (b) any Lien in respect of any Pool Aircraft for any fees or charges of any airport or air navigation or emissions or carbon regulator or similar authority arising by statute or operation of law,
- (c) in respect of any Pool Aircraft, any repairer's, carrier's or hangar keeper's, warehousemen's, mechanic's or materialmen's Lien or other similar Liens arising in the ordinary course of business and which (i) do not involve any imminent likelihood of the sale, seizure, forfeiture or loss of any Pool Aircraft, title thereto, interest therein or use thereof, (ii) do not in the aggregate materially impair the use of the Issuers' and their Subsidiaries, property or assets in the operation of the business of the Issuers and their Subsidiaries, taken as a whole, and (iii) are being disputed or contested in good faith by appropriate proceedings, which proceedings have the effect of preventing the forfeiture or sale of the property or assets subject to any such Lien,
- (d) any Lien assigned to or created in favor of the Security Trustee, for the benefit of the Secured Parties (as defined in this Agreement) pursuant to this Agreement or other Security Documents,
- (e) Liens arising out of the existence of judgments or awards in respect of which the Issuers or any of their Subsidiaries shall in good faith be prosecuting an appeal or proceedings for review and in respect of which there shall have been secured a subsisting stay of execution pending such appeal or proceedings which do not involve any imminent likelihood of the sale, seizure, forfeiture or loss of any Pool Aircraft, title thereto, interest therein or use thereof,
- (f) Liens created by or permitted in accordance with the terms of an Eligible Lease for a Pool Aircraft and affecting such Pool Aircraft,
- (g) the respective rights of any third party that owns or leases equipment installed on a Pool Aircraft under any lease relating to a Pool Aircraft, including any assignment of the relevant warranties relating to such installed equipment,
- (h) Liens for salvage or similar rights, and, if applicable, setoff rights for premiums due of insurers under insurance policies maintained pursuant to and in accordance with the Eligible Lease for a Pool Aircraft or hereunder,
- (i) the interests of a voting or owner trustee, as applicable or of an Intermediate Subsidiary in connection with the relevant Eligible Lease, including the interests of any Person in respect of arrangements under the Local Requirements Exception,
- (j) any Lien fully bonded by the Manager or any Lessee or by similar third party security provided by the Manager or one of its Affiliates that is not the U S Issuer

or a Subsidiary of the U S Issuer or any Lessee (which itself does not result in a Lien on a Pool Aircraft or any part thereof),

- (k) Liens which arise by virtue of any act or omission of a Lessee or a Person claiming by or through a Lessee (whether permitted by the terms of the relevant Lease or in contravention thereof) so long as, in the case of any Lien that is in contravention of the terms of the relevant Lease, the applicable Grantor or the Manager is using commercially reasonable efforts to cause such Lien to be lifted promptly, or otherwise to enforce its rights and remedies under the applicable Eligible Lease in accordance with Leasing Company Practice after it becomes aware of such Lien,
- (l) bankers' Liens, rights of setoff and other similar Liens arising pursuant to law or customary account arrangements and existing solely with respect to the Cash Collateral Accounts in favor of the banks or Securities Intermediaries with which the Cash Collateral Accounts are maintained,
- (m) any Lien in favor of customs and revenue authorities arising as a matter of law to secure payment of customs duties in connection with the importation of goods,
- (n) any Lien in respect of an agreement to dispose of any asset, to the extent such Lien applies only to the assets to be disposed of, **provided however** that each such Lien under this clause (n) must arise out of the contract of sale for (or agreement to dispose of) such asset, be incurred in the ordinary course of the Manager's business and be junior and subordinate to the Liens, if any, in such asset created by the Security Documents as in effect at such time;
- (o) any head lease, lease, conditional sale agreement (for registration purposes) or purchase option granted by a lessor or owner as to the purchase of the related Pool Aircraft under or in respect of any Eligible Lease (including to an Affiliate of the Lessee) existing on the date of acquisition of such Pool Aircraft by the relevant Eligible Entity or thereafter granted in accordance with Leasing Company Practice, and
- (p) any Lien approved by the Majority Holders

**"Person"** has the meaning specified in the NPA

**"Pledged Beneficial Interest"** means all of the Equity Interests in any Equity Party that are pledged hereunder, as described in the attached Schedule II, such Schedule as amended or supplemented by any Grantor Supplement or Collateral Supplement, as applicable

**"Pledged Intermediate Subsidiary"** means an Intermediate Subsidiary organized under the laws of the United Kingdom, a state of the United States, Ireland, Bermuda or the laws of any other jurisdiction other than a Prohibited Jurisdiction (as defined in the NPA), which the Manager, based on advice received from local counsel, reasonably deems to be a jurisdiction where a pledge of the Equity Interests in such Intermediate Subsidiary may

be perfected in a commercially reasonable manner within a period of sixty (60) days taking into consideration the cost of such perfection (including local counsel fees) For the avoidance of doubt, an Intermediate Subsidiary organized under the laws of France, Malta or Labuan will not be a Pledged Intermediate Subsidiary

**"Pool Aircraft"** means, as of any date of determination, any Aircraft Owned by a Grantor, including any SPC or any Owner Trust, which has satisfied the conditions set forth on Schedule VII and is included in the Designated Pool, as described in the attached Schedule I as amended or supplemented from time to time by any Grantor Supplement or Collateral Supplement, as applicable For the avoidance of doubt, Pool Aircraft shall exclude fixed wing aircraft and engines for fixed wing aircraft

**"Post-Petition Interest"** means any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of any one or more of the Manager, the Grantors or the Issuers (or would accrue but for the operation of applicable Debtor Relief Laws), whether or not such interest is allowed or allowable as a claim in any such proceeding

**"Proceeds Account"** means the Cash Collateral Account (account number 48358300), in the name of the Bermuda Issuer and maintained with Wells Fargo Bank, National Association, as the Security Trustee which is subject to a first priority, perfected security interest in favor of the Security Trustee

**"Protocol"** means the Protocol to the Convention on Matters Specific to Aircraft Equipment, as in effect in any applicable jurisdiction from time to time

**"Qualified Appraiser"** means, Ascend Inc or any other independent appraiser that is a member of International Society of Transport Aircraft Trading ("ISTAT"), or if ISTAT ceases to exist, any similar nationally recognized professional aircraft appraiser organization, that is selected by the Manager and approved by the Majority Holders

**"Ratify"** means ratification by any applicable jurisdiction of the Cape Town Convention.

**"Received Currency"** has the meaning specified in Section 9 07

**"Related Assets"** means, with respect to a Pool Aircraft, all of the following (i) all right, title and interest of the applicable Grantor in any manufacturer warranties or PBH maintenance contract(s) to the extent such manufacturer warranties or such PBH maintenance contract(s) can be assigned by the applicable Grantor without the applicable manufacturer's or the PBH maintenance provider's consent and only to the extent that such assignment does not constitute a breach of the agreement pursuant to which such Grantor acquired its rights and interests in such manufacturer warranties or such PBH maintenance contract(s), in each case after giving effect to Article 9 of the UCC and other applicable law and principles of equity, (ii) amounts received by the applicable Grantor from the manufacturers, PBH maintenance provider(s) or the sellers of a Pool Aircraft for breach of warranties relating thereto or in settlement of any claims, losses, disputes or proceedings relating to such Pool Aircraft (to the extent such amounts are not required to

be paid to the Lessee operator, repairer or a similar Person with respect to such Pool Aircraft) and (iii) all payments, proceeds and income of the foregoing or related thereto

**"Replaced Aircraft"** has the meaning set forth in Section 2 19(b)

**"Required Cape Town Registrations"** has the meaning set forth in Section 2 08(b)

**"Requirements of Law"** means, as to any Person, any Law applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including, without limitation, each applicable foreign aviation law applicable to such Person or the aircraft owned or operated by it or as to which it has a contractual responsibility

**"Responsible Officer"** means the chief executive officer, the chief financial officer, the treasurer or the general counsel of the Manager

**"Revised Book-Entry Rules"** means 31 C F R § 357 (Treasury bills, notes and bonds), 12 C F R § 615 (book-entry securities of the Farm Credit Administration), 12 C F R §§ 910 and 912 (book-entry securities of the Federal Home Loan Banks), 24 C F R § 81 (book-entry securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation), 12 C F R § 1511 (book-entry securities of the Resolution Funding Corporation), 31 C F R § 354 (book-entry securities of the Student Loan Marketing Association), and any substantially comparable book-entry rules of any other Federal agency or instrumentality

**"Scheduled Payment"** means, with respect to any Eligible Lease, the monthly or quarterly "basic" rent or other interim payment scheduled to be paid by the Eligible Lessee, or, as the case may be, accrued as revenue by the applicable Eligible Entity, in each case pursuant to the terms of such Eligible Lease

**"Secured Debt"** means the Securities and the Permitted Additional Debt

**"Secured Debt Representative"** means the Security Trustee and the representative of any Permitted Additional Debt

**"Secured Obligations"** means the performance of all payment obligations of any Grantor, the Manager or the Issuers under the Transaction Documents or the terms of the Permitted Additional Debt, including the payment of all principal of the Secured Debt from time to time outstanding, all accrued unpaid interest (including Post-Petition Interest) on the Secured Debt, any Make Whole Amount or any Modified Make Whole Amount, as the case may be, all other amounts now or hereafter payable by any Grantor, the Manager or the Issuers under the NPA, the terms of the Permitted Additional Debt, this Agreement, any Security Document or any other Transaction Document and any fees (including attorney fees) or other amounts (including in respect of any Permitted Additional Debt) now or hereafter payable by any Grantor, the Manager or the Issuers to any Secured Debt Representative for acting in its capacity as such pursuant to a separate agreement among such parties, in each case, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising

**"Secured Party"** means any of or, in the plural form, the Security Trustee, on behalf of itself, the Holders of the Securities from time to time outstanding and the holders of Permitted Additional Debt outstanding from time to time

**"Securities"** has the meaning specified in the recital of the parties to this Agreement

**"Securities Intermediary"** means any "securities intermediary", including the Security Trustee, as defined in 31 C F R Section 357.2 or Section 8-102(a)(14) of the UCC

**"Security Deposit"** means a deposit with respect to a Pool Aircraft collected by an Eligible Entity or any of its Affiliates from, or on behalf of, a Lessee as a security deposit or "commitment fee" pursuant to the related Eligible Lease, and shall include any letters of credit in favor of an Eligible Entity or any of its Affiliates procured by such Lessee or an Affiliate of such Lessee to satisfy any security deposit obligations under such Eligible Lease

**"Security Documents"** has the meaning provided in the NPA

**"Security Trustee"** has the meaning specified in the preamble of parties to this Agreement

**"SPC"** means any Eligible Entity (other than an Owner Trust), as defined in the NPA

**"Sublessee"** has the meaning provided in the NPA

**"Sub-Sublessee"** has the meaning provided in the NPA

**"Subsidiary"** means (i) any corporation of which an Issuer or any Grantor directly or indirectly owns or controls at that time at least a majority of the outstanding stock having under ordinary circumstances (not dependent upon the happening of a contingency) voting power to elect a majority of the board of directors of such corporation or (ii) any other Person (other than a corporation) in which an Issuer or any Grantor directly or indirectly has at least a majority ownership interest and power to direct the policies, management and affairs thereto, including for purposes of the Security Documents, an Owner Trust

**"Tax"** means all present or future taxes, levies, imposts, duties, deductions, withholdings (including backup withholding), assessments, fees or other charges imposed by any Governmental Authority, including any interest, additions to tax or penalties applicable thereto

**"Third Party Event"** means any act or omission of a Lessee, prior lessee or sublessee, or of any Person claiming by or through a Lessee, prior lessee or a sub-lessee, or of any Person which has possession of the Pool Aircraft, Airframe, any Engine or any Part for the purpose of repairs, maintenance, modification or storage, or by virtue of any theft, requisition, seizure, or confiscation of the Pool Aircraft, or otherwise (other than seizure or confiscation arising from a breach by the Grantors themselves of Section 2.24),

including a Lien or other matter for which a Lessee, prior lessee or prior sublessee or any of the foregoing Persons is responsible for or is required to discharge or to indemnify for

"UCC" means the Uniform Commercial Code as in effect on the date of determination in the State of New York, **provided that** if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such perfection or effect of perfection or non-perfection

"UCC Financing Statement" means any financing statement to be filed in any appropriate filing office in any UCC Jurisdiction that (i) indicates the applicable Collateral by any description which reasonably approximates the description contained in this Agreement or as all applicable assets of the applicable Grantor or words of similar effect, regardless of whether any particular asset comprised in such Collateral falls within the scope of Article 9 of the UCC or other similar provisions of the UCC Jurisdiction, and (ii) contains any other information required by part 5 of Article 9 of the UCC, or by any other applicable provision under the laws of the UCC Jurisdiction, for the sufficiency or filing office acceptance of any financing statement or amendment, **provided however that** UCC Financing Statements shall include at all times financing statements to be filed in the State of Utah, State of Delaware or the District of Columbia, as applicable For the avoidance of doubt, "UCC Financing Statement" includes any amendment or continuation thereto

"UCC Jurisdiction" means any Uniform Commercial Code jurisdiction in which the filing of a UCC Financing Statement is effective to perfect a security interest in the Collateral under this Agreement, or any other Security Document

"United States" and "U.S." means the United States of America

"Wells Fargo" has the meaning specified in the recital of parties to this Agreement

(b) **Terms Defined in the Cape Town Convention** The following terms shall have the respective meanings ascribed thereto in the Cape Town Convention "Administrator", "Aircraft Object", "Contracting State", "Contract of Sale", "International Interest", "Professional User Entity", "Prospective International Interest", "situated in" and "Transacting User Entity"

(c) **Terms Defined in the NPA** For all purposes of this Agreement, all capitalized terms used but not defined in this Agreement shall have the respective meanings assigned to such terms in the NPA

(d) **Terms Defined in the UCC** The following terms shall have the respective meanings ascribed thereto in the UCC "accounts", "chattel paper", "commercial tort claim", "deposit accounts", "documents", "equipment", "general intangibles", "goods", "instruments", "investment Property", "letter-of-credit rights", "minerals", "proceeds" and "registered organization"

**Section 1.02. Construction and Usage** Unless the context otherwise requires

(a) A term has the meaning assigned to it and an accounting term not otherwise defined has the meaning assigned to it in accordance with IFRS or GAAP, as applicable

(b) The terms "herein", "hereof" and other words of similar import refer to this Agreement as a whole and not to any particular Article, Section or other subdivision

(c) Unless otherwise indicated in context, all references to Articles, Sections, Schedules or Exhibits refer to an Article or Section of, or a Schedule or Exhibit to, this Agreement

(d) Words of the masculine, feminine or neuter gender shall mean and include the correlative words of other genders, and words in the singular shall include the plural, and vice versa

(e) The terms "include", "including" and similar terms shall be construed as if followed by the phrase "without limitation"

(f) References in this Agreement to an agreement or other document (including this Agreement) or a schedule to this Agreement include references to such agreement or document or schedule as amended, supplemented, amended and restated, replaced or otherwise modified (without, however, limiting the effect of the provisions of this Agreement with regard to any such amendment, supplement, amendment and restatement, replacement or modification), and the provisions of this Agreement apply to successive events and transactions. References to any Person shall include such Person's successors in interest and permitted assigns

(g) References in this Agreement to any statute or other legislative provision shall include any statutory or legislative modification or re-enactment thereof, or any substitution therefor, and references to any governmental Person shall include reference to any governmental Person succeeding to the relevant functions of such Person

(h) References in this Agreement to any amount of money due or payable by reference to the Secured Debt shall include any sum covenanted to be paid by an Issuer, the Manager or any Grantor under this Agreement in respect thereof

(i) References in this Agreement to any action, remedy or method of judicial proceeding for the enforcement of the rights of creditors or of security shall be deemed to include, in respect of any jurisdiction other than the State of New York, references to such action, remedy or method of judicial proceeding for the enforcement of the rights of creditors or of security available or appropriate in such jurisdiction as shall most nearly approximate such action, remedy or method of judicial proceeding described or referred to in this Agreement

(j) Where any payment is to be made, funds applied or any calculation is to be made hereunder on a day which is not a Business Day, unless the NPA, the terms of the Permitted Additional Debt or any other Security Document otherwise provide, such payment shall be made, funds applied and calculation made on the next succeeding Business Day, and

payments shall be adjusted accordingly, **provided however that** no additional interest shall be due in respect of such delay

## **ARTICLE II**

### **SECURITY**

#### **Section 2.01. Grant of Security by Grantor**

To secure the prompt payment and performance of the Secured Obligations in full when due, whether at stated maturity, by acceleration or otherwise (including amounts that would become due but for the operation of the provisions of the Debtor Relief Laws), as of the Effective Date, each Grantor hereby assigns and pledges to the Security Trustee, for its benefit and the benefit of the other Secured Parties, and grants to the Security Trustee, for its benefit and the benefit of the other Secured Parties, a security interest in, all of such Grantor's right, title and interest in and to the following, whether now owned or hereafter acquired and wherever located (collectively, the "**Grantor Collateral**")

(a) with respect to each Grantor, all of such Grantor's right, title and interest in and to (i) each Pool Aircraft, including the Airframe and Engines as the same is now and will hereafter be constituted, and in the case of such Engines, unless otherwise provided herein, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, including all the Aircraft Objects described on Schedule I hereto as amended or supplemented from time to time, together with (ii) all Parts of whatever nature, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines and all Parts which are from time to time included within the definitions of "Airframe" or "Engines" (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts), (iii) all Manuals and Technical Records and (iv) all Related Assets,

(b) with respect to each Pool Aircraft, any Eligible Lease and any Intermediate Lease to which such Grantor is or may from time to time be party and any leasing arrangements with respect to such Aircraft between Grantors with respect to such Aircraft (all such Eligible Leases and Intermediate Leases, collectively, the "**Assigned Leases**"), including, without limitation, (i) all rights of such Grantor to receive Scheduled Payments and moneys due and to become due under or pursuant to such Assigned Leases, (ii) all rights of such Grantor to receive proceeds of any Insurances, indemnity, warranty or guaranty with respect to such Assigned Leases, (iii) claims of such Grantor for damages arising out of or for breach or default under such Assigned Leases, (iv) all rights of such Grantor under any such Assigned Lease with respect to any subleases of the Aircraft subject to such Assigned Lease, (v) the right of such Grantor to terminate such Assigned Leases and to compel performance of, and otherwise to exercise all remedies under, any Assigned Lease, whether arising under such Assigned Leases or by statute or at law or in equity and (vi) all rights of such Grantor under any assignment of any sublease entered into by the relevant Eligible Lessee in respect of such Pool Aircraft;

(c) with respect to each Grantor, all rights of such Grantor to receive proceeds of any Insurances with respect to the applicable Lease up to the amount of hull insurance in respect of the Pool Aircraft or Parts required to be carried hereunder or where a Lease is not then in effect, all rights of such Grantor to receive any money or non-money proceeds of (x) an Airframe or Engine of a Pool Aircraft, arising from the total or partial loss or destruction of such Airframe or its Engine or its total or partial confiscation, condemnation or requisition up to the amount of hull insurance in respect of such Pool Aircraft required to be carried hereunder and (y) the other Insurances,

(d) with respect to each Grantor, all of such Grantor's right, title and interest in and to (the "**Grantor Beneficial Interest Collateral**")

(i) the Pledged Beneficial Interests (and, in case of an Intermediate Subsidiary that is leasing a Pool Aircraft, only to the extent that its Equity Interest can be pledged without contravention of applicable law), any trust agreements (including Aircraft Documents), other agreements, contracts and instruments pursuant to which any such Pledged Beneficial Interests are created or issued and all distributions, cash, instruments, property and other economic rights from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Beneficial Interests, and all control rights under the governing documents of the Pledged Beneficial Interests, and all general intangibles relating thereto, and

(ii) all Equity Interests in any Equity Party (and, in case of an Intermediate Subsidiary that is leasing a Pool Aircraft, only to the extent that its Equity Interest can be pledged without contravention of applicable law) that may be formed from time to time (except to the extent provided in Section 2 19(g)), the trust agreements (including Aircraft Documents), other agreements and any other contracts and instruments pursuant to which any such Pledged Beneficial Interest is created or issued, and all certificates, if any, from time to time representing such Pledged Beneficial Interests and all distributions, cash, instruments, property and other economic interests from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional Pledged Beneficial Interests, and all control rights and membership, partnership or other interests under the governing documents of such additional Pledged Beneficial Interests, and all general intangibles relating thereto,

(e) with respect to each Grantor, the property identified as subject to the Lien of this Agreement and the Collateral in a Grantor Supplement or a Collateral Supplement executed and delivered by such Grantor to the Security Trustee,

(f) with respect to each Grantor, the Cash Collateral Accounts, the Collections Account and all funds, cash, investment property, investments, securities, instruments or other property (including all "financial assets" within the meaning of Section 8-102(a)(9) of the UCC) at any time or from time to time credited to any such account (collectively, the "**Account Collateral**"),

(g) with respect to each Grantor, the amounts (if any) owing to such Grantor by the Manager, and

(h) all supporting obligations and proceeds of the property of the types described in subsections (a), (b), (c), (d), (e), (f) and (g) of this Section 2.01,

**provided that** the Collateral shall not include any Excluded Property. Notwithstanding anything to the contrary contained herein, in the NPA or in any other Transaction Document, no Grantor shall be deemed to have made any representation, warranty or covenant regarding the perfection, priority and/or enforceability against third parties of the security interest granted hereunder in any Lease Collateral or in the Related Assets and the rights and remedies of the Security Trustee against third parties in respect of in any Lease Collateral or in the Related Assets, except to the extent such security interest can be perfected in the United States by filing of UCC Financing Statements or, to the extent the relevant Lease Collateral has been registered as an International Interest pursuant hereto, in an applicable jurisdiction by registration of an assignment thereof with the International Registry hereunder.

Upon any grant of Collateral or a change in a Grantor or the Manager, including a change in the name, type of organization or location of any existing Grantor or the Manager, or a change in Collateral (each, a "**Grant**"), at the time of such Grant, (i) the representations set forth in this Article II shall be true and correct with respect to such Collateral or the applicable Grantor or the Manager, as the case may be, and the Grantor or the Manager, as applicable, shall have performed such covenants and satisfied such conditions applicable to such Grant as set forth in this Article II, (ii) the Grantor or the Manager, as applicable, shall satisfy the applicable Express Perfection Requirements with respect to such Collateral and (iii) if such Grant shall occur on a date other than the Effective Date, the Grantor must execute and deliver the applicable Grantor Supplement or Collateral Supplement and the Opinion(s).

**Section 2.02. Grant of Security by Manager** To secure the prompt payment and performance of the Secured Obligations in full when due, whether at stated maturity, by acceleration or otherwise (including amounts that would become due but for the operation of the provisions of the Debtor Relief Laws), as of the Effective Date, the Manager hereby assigns and pledges to the Security Trustee, for its benefit and the benefit of the other Secured Parties, and grants to the Security Trustee, for its benefit and the benefit of the other Secured Parties, a security interest in, all of its right, title and interest in and to the following, whether now owned or hereafter acquired and wherever located (collectively, but excluding the Excluded Property, the "**U.S. Issuer Collateral**" and together with the Grantor Collateral, the "**Collateral**", the U S Issuer Collateral together with the Grantor Beneficial Interest Collateral, the "**Beneficial Interest Collateral**")

(i) the Equity Interests in the U S Issuer, any trust agreements (including Aircraft Documents), other agreements, contracts and instruments pursuant to which such Equity Interests are created or issued and all distributions, cash, instruments, property and other economic rights from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Equity Interests, and all control rights under the governing documents of such Equity Interests, and all general intangibles relating thereto, and

(ii) all supporting obligations and proceeds of the foregoing

For the avoidance of doubt, notwithstanding anything to the contrary contained in this Agreement, the Manager is granting a security interest only in the Equity Interest of the U S Issuer and all applicable provisions of this Agreement shall be construed accordingly. In the event that the Equity Interest of the U S Issuer is conveyed and transferred by the Manager to any other Person in accordance with the terms of the NPA, such Person shall grant a security interest in the Equity Interest in the U S Issuer to the Security Trustee, become a party (and a Guarantor Party) to this Agreement by executing and delivering a Grantor Supplement and shall comply with the applicable Express Perfection Requirements and all other terms and conditions of this Agreement, whereupon the security interest granted by the Manager hereunder shall be deemed released and terminated.

**Section 2.03. Security for Obligations** The Collateral secures the payment and performance of all Secured Obligations to each Secured Party and shall be held by the Security Trustee in trust for the Secured Parties. Without limiting the generality of the foregoing, the Collateral secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by the Manager or any Grantor to any Secured Party but for the fact that Secured Obligations are unenforceable or not allowable due to the existence of a bankruptcy, reorganization or similar proceeding involving the Manager or any Grantor.

**Section 2.04. Representations and Warranties of the Grantors and Manager** Each Grantor and the Manager represents and warrants as of (i) the date of this Agreement, (ii) the Effective Date, (iii) each date on which the Officer's Certificate referred to in Section 7.2(a) of the NPA is provided, (iv) each date on which any Grantor removes a Pool Aircraft or cash Collateral from the Designated Pool pursuant to Section 2.19(b) or Section 2.19(f), as applicable, and (v) each date on which any Grantor adds an Additional Pool Aircraft to the Designated Pool solely with respect to such Additional Pool Aircraft and such Grantor, as follows:

(a) Each Pool Aircraft indicated in Schedule I as being Owned by such Grantor is Owned by such Grantor. Schedule I includes all the Pool Aircraft included in the Borrowing Base owned by each Grantor and is true, accurate and complete in all respects. Each Pledged Beneficial Interest indicated in Schedule II as being Owned by such Grantor or the Manager is Owned by such Grantor or the Manager. Schedule II includes all the Pledged Beneficial Interests owned by each Grantor or the Manager and is true, accurate and complete in all respects. None of the Collateral is currently pledged, assigned or otherwise encumbered by such Grantor or the Manager except for Permitted Liens, and no Collateral is described in (i) any UCC Financing Statements filed against such Grantor or the Manager other than UCC Financing Statements which have been or are agreed to be terminated or assigned to the Security Trustee and the UCC Financing Statements filed in connection with Permitted Liens or (ii) any other mortgage registries, including the International Registry (which for the avoidance of doubt, shall not include any contract of sale in favor of any Grantor), or filing records that may be applicable to the Collateral in any other relevant jurisdiction, other than such pledges, assignments or other encumbrances or such filings or registrations that have been assigned or agreed to be assigned to the Security Trustee or terminated or are agreed to be terminated or that have been made in connection with Permitted Liens, this Agreement or any other Security Document in favor of the Security Trustee for the benefit of the Secured Parties, or, with respect to the Eligible Leases, in favor of the Grantors or the Lessee thereunder.

(b) In each case as and to the extent required under the Express Perfection Requirements, this Agreement creates a valid and (upon the taking of the actions required hereby) perfected security interest in favor of the Security Trustee in the Collateral as security for the Secured Obligations, subject in priority to no other Liens (other than Permitted Liens that pursuant to applicable law have priority, including by recording priority), and all filings and other actions necessary to perfect and protect such security interest as a first priority security interest of the Security Trustee have been (or to the extent required hereby, or in the case of future Collateral, will be) duly taken and are enforceable against such Grantors or the Manager, as applicable, and creditors of and purchasers from such Grantors or the Manager, as applicable, except in each case that only the Express Perfection Requirements shall be required to be satisfied for perfection of such security interest

(c) Such Grantor or the Manager does not have any trade names except as set forth on Schedule III hereto. The name of each Grantor or the Manager set forth in Schedule IV hereof is (i) if the Grantor or the Manager is a registered organization, the name of the Grantor or the Manager that is stated to be its name on its public organic record or equivalent, (ii) if the Grantor is a common law trust, the name of the trust specified in the trust agreement or if no such trust name is specified, the name of the trustee specified in its trust agreement or (iii) if the Grantor is not a registered organization, the name of the Grantor specified in its public record or equivalent in its "location" (for the purposes of 9-307 of the UCC). Each Grantor or the Manager is an organization of the type, and is organized in the jurisdiction, set forth in Schedule IV hereto. Schedule IV accurately sets forth each of the Grantor's and the Manager's places of business and, if more than one, its chief executive office, as well as the Grantor's and the Manager's mailing address, if different. The formation or similar constitutional documents of the applicable Grantor or the Manager delivered to the Security Trustee on the date of Grant, including the trust agreements for the Owner Trusts and the Owner Trustees, are true and complete. All Grantors and the Manager are in good standing (to the extent applicable) in their jurisdiction of organization or incorporation, except, where failure to do so could not reasonably be expected to result in a Material Adverse Effect.

(d) No consent of any other Person and no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or other third party (including, for the avoidance of doubt, the International Registry) is required under the laws of the United States, Bermuda or Ireland that is necessary to comply with the Express Perfection Requirements either (i) for the grant by such Grantor or the Manager of the assignment and security interest granted hereby, (ii) for the execution, delivery or performance of this Agreement by such Grantor or the Manager or (iii) for the perfection or maintenance of the pledge, assignment and security interest created hereby in the Collateral, except for those that have been made or obtained (or will be obtained or made in accordance with the terms hereof).

(e) The "location" (for purposes of Section 9-307 of the UCC) of such Grantor or the Manager is specified opposite the name of such Grantor or the Manager (or the name of the owner trustee of such Grantor, if Grantor is a common law trust and the name of the trust is not provided in the trust agreement) on the attached Schedule IV hereto.

(f) The Pledged Beneficial Interests constitute the percentage of the beneficial interest of the issuer thereof indicated on Schedule II hereto.

(g) The Pledged Beneficial Interests have been duly authorized and validly issued and are fully paid up and non-assessable

(h) In the case of any Pledged Beneficial Interests that constitute "securities" within the meaning of Section 8-102(a)(15) of the UCC (i) and are (a) certificated, the certificates representing such Pledged Beneficial Interest have been delivered to the Security Trustee together with a duly executed but undated instrument of transfer (in blank) on the date of the Grant or (b) uncertificated, the applicable issuer shall, on the date of the Grant, provide an acknowledgment to the Security Trustee, confirming that it will comply with the instructions originated by the Security Trustee without further consent by the registered owner of such uncertificated Pledged Beneficial Interest, substantially in the form attached hereto as Exhibit C, and (ii) fully effective UCC Financing Statements or similar filings have been made with respect thereto as required by the Express Perfection Requirements

(i) All of the information on Schedule I is true, correct and complete, with respect to the Pool Aircraft and to (i) each Airframe including the manufacturer, model number and serial number, and (ii) each Engine including the manufacturer, model number and serial number

(j) With respect to any Pool Aircraft included in the Borrowing Base, the conditions set forth on Schedule VII have been satisfied

(k) Schedule VIII includes a true, correct and complete list of all Intermediate Leases and all Eligible Leases entered into by the relevant Grantor with a non-Affiliate Eligible Lessee with respect to the Pool Aircraft that constitute Assigned Leases hereunder

(l) With respect to the Equity Interest in each Equity Party that is pledged hereunder (i) the applicable Grantor or the Manager, as the case may be, has acquired such Equity Interest for value and without notice of any adverse claim to such Equity Interest and (ii) the applicable Grantor or the Manager, as the case may be, has not taken any corporate or similar action or limited liability company action, as applicable, nor have any other steps been taken or legal proceedings been started or, to the knowledge of the applicable Grantor or the Manager, as the case may be, threatened against the applicable Grantor or the Manager, as the case may be, for its winding up, dissolution, administration or reorganization or for the appointment of a receiver, administrator, administrative receiver, trustee or similar officer of it or of any or all of its assets

(m) The NPA is a "Finance Document" within the meaning and for the purposes of the applicable Eligible Trust Agreement. The holders of the Notes issued under the NPA are "Finance Parties" within the meaning and for the purposes of the applicable Eligible Trust Agreement

**Section 2.05. Grantors and the Manager Remain Liable** Anything contained herein to the contrary notwithstanding, (a) each Grantor and the Manager shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Security Trustee of any of its rights hereunder shall not release

any Grantor or the Manager from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) in each case, unless the Security Trustee or any other Secured Party, expressly in writing or by operation of law, assumes or succeeds to the interests of any Grantor or the Manager hereunder, no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Grantor or the Manager under the contracts and agreements included in the Collateral or to take any action to collect or enforce any claim for payment assigned under this Agreement

**Section 2.06. Delivery of Collateral** (a) Subject to Section 2.04(h), all certificates or instruments representing or evidencing any Collateral constituting investment property or instruments (for the avoidance of doubt, any letters of credit provided under an Eligible Lease are excluded) shall be delivered to and held by or on behalf of the Security Trustee and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to evidence the security interests granted thereby. The Security Trustee shall have the right, so long as any Event of Default has occurred and is continuing, to transfer to or to register in the name of the Security Trustee or any of its nominees any or all of the Pledged Beneficial Interests, subject only to the revocable rights specified in Section 2.11(a). In addition, the Security Trustee shall have the right at any time, so long as any Event of Default has occurred and is continuing, to exchange certificates or instruments representing or evidencing any Collateral for certificates or instruments of smaller or larger denominations.

(b) In addition, each Grantor and the Manager shall deliver to the Security Trustee true and complete copies of the Aircraft Documents, all formation documents, trust agreements, bylaws, partnership agreements, operating agreements or other similar constitutional documents (as applicable) relating to such Grantor and the Manager.

(c) Prior to subjecting any cash or other Account Collateral to the Lien hereof, the applicable Grantor and the Security Trustee shall enter into the Account Control Agreement or establish a Cash Collateral Account.

**Section 2.07. As to Beneficial Interest Collateral** The Manager and each Grantor and the Security Trustee agrees to take such action as may be required in order to maintain the perfection and priority of the security interest of the Security Trustee in the Beneficial Interest Collateral in the event of any change in applicable law or regulation, including Articles 8 and 9 of the UCC and regulations of the U.S. Department of the Treasury governing transfers of interests in Government Securities.

**Section 2.08. Express Perfection Requirements.**

(a) **UCC Financing Statements.** Each Grantor and the Manager shall file (or cause to be filed) UCC Financing Statements necessary to ensure the perfection of the security interest in the Collateral granted hereunder at or prior to the time of any Grant and as required to continue the perfection of the security interest granted in the Collateral to the Security Trustee for the benefit of the Secured Parties.

(b) **Required Cape Town Registrations.** With respect to each Pool Aircraft, each Grantor shall ensure that at all times an individual shall be appointed as administrator with respect to such Grantor for purposes of the International Registry and shall register or cause to be registered (or if the Security Trustee is making such registration, without relieving each Grantor of such obligation, consent to such registration) with the International Registry (collectively, the **"Required Cape Town Registrations"**) (i) the International Interest provided for hereunder with respect to each Aircraft Object in respect of Pool Aircraft where the relevant Grantor is situated in a Contracting State or the relevant Airframe is registered in a Contracting State, (including, for the avoidance of doubt, any local filings that are required to be made under the laws of the applicable Contracting State that are required to be made in order to register the applicable International Interest with the International Registry), (ii) the Prospective International Interest with respect to each Engine associated with an Airframe in respect of Pool Aircraft where the relevant Grantor is situated in a Contracting State (including, for the avoidance of doubt, any local filings that are required to be made under the laws of the applicable Contracting State that are required to be made in order to register the applicable International Interest with the International Registry), (iii) the Contract of Sale with respect to any Pool Aircraft by which Ownership of such Pool Aircraft is conveyed by or to such Grantor due to a transfer occurring after the date such Pool Aircraft becomes a Pool Aircraft, but only if the seller under such Contract of Sale is situated in a Contracting State or if the applicable Airframe is registered in a Contracting State and if such seller agrees to such registration, and (iv) the registration with the International Registry of the assignment in favor of the Security Trustee of the International Interest relating to the Lease Collateral that is registered on the International Registry (it being understood that there is no requirement that an International Interest constituted by an Assigned Lease be registered on the International Registry for the purposes of registering such an assignment in favor of the Security Trustee) and upon the occurrence and during the continuation of an Event of Default, the right to exercise the right to consent to the discharge of the registration of the International Interest of such Grantor as Lessor under an Eligible Lease in accordance with the Cape Town Convention (and at such time no other Person shall have such right) Except as otherwise provided above, each such Required Cape Town Registration shall be made at the time of or immediately after Grant and as necessary to maintain the perfection for so long as such Pool Aircraft remains in the Designated Pool To the extent that (A) the Security Trustee's consent is required for any such registration or (B) the Security Trustee is required to initiate any such registration, the Security Trustee shall ensure that such consent or such initiation of such registration is effected in a timely manner It is understood and agreed that International Interests provided for hereunder shall be registered in the name of the Security Trustee as the creditor The parties hereto agree that for the purposes of the definition of Prospective International Interest in the Cape Town Convention, the removal of an Engine from an Aircraft that is Pool Aircraft shall constitute the stated event upon which the applicable Grantor has created or provided for an International Interest in the Aircraft Objects

(c) **FAA Registrations.** With respect to each Pool Aircraft that is registered in the United States, each Grantor shall register and record with the FAA the FAA Aircraft Mortgage, which shall include a granting clause in respect of the Lease Collateral and Related Assets, with respect to such Pool Aircraft, which registration and recording shall be made prior to or at the time of Grant and as necessary to maintain such perfection for so long as such Pool Aircraft remains in the Designated Pool and is registered in the United States.

(d) **Ireland Registrations.** With respect to the Equity Interest of any Grantor organized under the laws of Ireland, the applicable Grantor that Owns such Equity Interest shall execute and deliver an Irish Equity Pledge Agreement. With respect to each Grantor incorporated under the laws of Ireland, such Grantor shall cause each Security Document executed by it or its relevant particulars to be filed in the Irish Companies Registration Office and, where applicable, the Irish Revenue Commissioners within 21 days of execution thereof.

(e) **Bermuda Registrations.** With respect to the Equity Interest of any Grantor incorporated under the laws of Bermuda, the applicable Grantor that Owns such Equity Interest shall execute and deliver a Bermuda Equity Pledge Agreement. With respect to each Grantor incorporated under the laws of Bermuda, such Grantor shall cause each Security Document executed by it or its relevant particulars to be filed with the Bermuda Registrar of Companies and, where applicable, the Bermuda Department of Civil Aviation within ten (10) days of the execution of each document.

(f) **Beneficial Interest Collateral.** With respect to any Beneficial Interest Collateral that (i) is a "certificated security" as defined in the UCC, each Grantor shall deliver to the Security Trustee the certificated security representing the applicable Beneficial Interest Collateral and a duly executed and undated instrument of transfer or assignment (in blank) to be held by the Security Trustee, and (ii) is an "uncertificated security" as defined in the UCC, each Grantor shall deliver to the Security Trustee the Acknowledgement, substantially in the form attached hereto as Exhibit C, executed by the issuer of such Beneficial Interest Collateral, in each case prior to or at the time of Grant.

(g) **Account Collateral.** With respect to any Cash Collateral Account, an account shall have been established in the name of the Bermuda Issuer at the Security Trustee and such Cash Collateral Account shall be subject to an Account Control Agreement that prevents the Bermuda Issuer from making any withdrawals from the Cash Collateral Account. The Security Trustee hereby agrees to direct the disposition of the funds in the Cash Collateral Account in accordance with Section 2.19 and, upon the occurrence and during the continuance of an Event of Default, follow instructions of the Majority Holders directing the disposition of the funds in the Cash Collateral Account without further consent from the Grantors. With respect to the Collections Account, an Account Control Agreement shall be executed and delivered in respect of such Collections Account, such Account Control Agreement shall permit the Grantor who is a party thereto to make withdrawals prior to the occurrence and continuance of an Event of Default and the Security Trustee giving Notice of Exclusive Control as hereinafter provided in Section 2.09(e).

(h) **Insurance.** With respect to hull Insurance, each Grantor shall cause the Security Trustee to be named as a loss payee or contract party under AVN67 prior to or at the time of Grant and, upon the Pool Aircraft becoming a part of the Designated Pool, deliver to the Security Trustee an insurance certificate in accordance with Section 2.18 and Schedule V.

(i) **Pledged Intermediate Subsidiaries.** With respect to each Pledged Intermediate Subsidiary, each Grantor shall cause such filings, recordings or registrations to be made or the taking of such other action in the jurisdiction of organization of such Pledged Intermediate Subsidiary and the Grantor that Owns the Equity Interests in such Pledged

Intermediate Subsidiary, with respect to the Security Documents executed by such Grantor, as are necessary to grant to the Security Trustee a perfected security interest in the Equity Interest in such Pledged Intermediate Subsidiary, within sixty (60) days of the execution of the applicable Security Document and to the extent not in violation of applicable law

The perfection requirements set forth in this Section 2.08 shall collectively be referred to as the “**Express Perfection Requirements**” The Manager and each Grantor shall deliver Opinion(s) at the time of each Grant with respect to the Express Perfection Requirements set forth in Sections 2.08(a), 2.08(d), 2.08(e), 2.08(f), 2.08(g) and 2.08(i) and as soon as practicable thereafter with respect to the Express Perfection Requirements set forth in Sections 2.08(b) and 2.08(c) To the extent an Opinion with respect to an applicable Express Perfection Requirement has been delivered prior to any filings, registrations or recordings in connection therewith, the Manager, on behalf of the Issuers, shall deliver a certificate of an officer of the Manager to the Security Trustee, in which the Manager certifies and represents that all such filings, registrations or recordings have been made on or prior to the date of such certificate

For purposes of clarification, the Express Perfection Requirements do not require and no Grantor shall be required to (A) except as set forth in Sections 2.08(a), 2.08(b), 2.08(c), 2.08(h), 2.17(c) and 2.09(e), take any actions for the perfection of any Lease Collateral or Related Assets, including without limitation, any filings, registrations or recordings with any Governmental Authority, registration with the International Registry or giving of notice to or obtaining the consent of any Lessee or any other applicable party or procuring that any Lessee or any other applicable party enter into any documents or instruments, including without limitation any lease assignments or sublease assignments or subordinations with respect thereto, (B) except as set forth in Sections 2.08(c), 2.08(d) and 2.08(e), take any actions, including without limitation, filings, registrations or recordings in any jurisdiction other than the jurisdiction of organization of the applicable Grantor, Owner Trust, SPC or Pledged Intermediate Subsidiary (but only to the extent required by Section 2.08(i) above) and the Required Cape Town Registrations or (C) take any actions, including without limitation, filings, registrations or recordings in any jurisdiction, for the perfection of the pledge of Equity Interests of an Intermediate Subsidiary that is not a Pledged Intermediate Subsidiary, granted hereunder, except to the extent required by Section 2.08(a)

#### **Section 2.09. Further Assurances**

(a) Each Grantor and the Manager shall, in each case only to the extent of the Express Perfection Requirements (i) execute and file such UCC Financing Statements and such other instruments or notices that may be necessary, as the Security Trustee may reasonably request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby and (ii) execute, file, record or register such additional documents and supplements to this Agreement, including any further assignments, security agreements, pledges, grants and transfers, as may be required under the laws of any foreign jurisdiction, as shall be necessary, as the Security Trustee may reasonably request, to create, attach, perfect, validate, render enforceable, protect or establish the priority of the security interest and Lien of this Agreement

(b) Each Grantor hereby authorizes the Security Trustee or its designee to file, in each case only to the extent of the Express Perfection Requirements, one or more UCC Financing Statements, without the signature of such Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Upon the request of the Manager or any Grantor, the Security Trustee shall execute and deliver and, if applicable, pre-position with counsel identified in such request, and instruct such counsel, as requested by the Manager or such Grantor, to file, record or register, as applicable, any document referred to above in Section 2.08 or otherwise necessary to satisfy the Express Perfection Requirements with respect to such Pool Aircraft and/or Grantor. To the extent that (i) the Security Trustee's consent is required for any filing, recording or registration of any document referred to in this Section 2.09, or (ii) the Security Trustee is required to initiate any such filing, recording or registration, the Security Trustee shall act in accordance with the Manager's or the applicable Grantor's instructions to ensure that such consent or such initiation of such filing, recording or registration is effected.

(d) With respect to any Beneficial Interest Collateral, promptly after all applicable actions required by the Express Perfection Requirements (including any filings or registrations) have been taken, the Manager, on behalf of the Issuers, shall deliver a certificate of an officer of the Manager to the Security Trustee, in which the Manager certifies and represents that all actions have been taken, as specified in the Express Perfection Requirements (including the execution, delivery, registration and/or filing of any Security Document, and, if so required, related documents governed by the laws of the jurisdiction of organization or incorporation of the applicable Equity Party, and all other necessary filings and/or recording on any applicable registry or other action in the jurisdiction of the organization or incorporation of the applicable Equity Party), that are necessary for the security interests under this Agreement in favor of the Security Trustee (for the benefit of the Secured Parties) in the Beneficial Interest Collateral in which such Grantor has any right, title or interest as security for the Secured Obligations to be recognized under the laws of such jurisdiction of organization or incorporation, and enforceable in such jurisdiction against the applicable Grantor and creditors of and purchasers from such Grantor.

(e) Prior to the date of Grant of any Pool Aircraft, the Grantor will provide in the relevant Eligible Lease or instruct the applicable Eligible Lessee by notice that all Aircraft Revenue payments shall be made to the Collections Account. For so long as any Pool Aircraft remains in the Designated Pool, the Manager and the Grantors shall not instruct the relevant Eligible Lessee to make payments to any other account or through any other means. The Manager and the Grantors shall make a commercially reasonable effort to cause the applicable Eligible Lessee under an Eligible Lease to make such payments to the Collections Account. After the occurrence and during the continuance of an Event of Default, to the extent any Aircraft Revenue payments are received by the Manager or any Grantor in an account other than the Collections Account, such Aircraft Revenue payments shall be held in trust for the benefit of the Security Trustee and forthwith paid into the Collections Account. Amounts in the Collections Account may be released to the Bermuda Issuer or the Manager until such time as an Event of Default has occurred and is continuing and the Security Trustee has given a Notice of Exclusive Control (as defined in the Account Control Agreement) in accordance with Section

3 10 of the Account Control Agreement (or a notice under an equivalent section of any replacement Account Control Agreement) Amounts blocked in the Collections Account shall be invested in investments permitted under the applicable Account Control Agreement as instructed by the Security Trustee

(f) The Grantors and the Manger agree to cooperate and to take such actions, insofar as any consent, cooperation or action of such Grantor is required to timely effect the registration of the applicable Required Cape Town Registrations with the International Registry both prior to and after the occurrence and continuance of an Event of Default

**Section 2.10. Records** Subject to applicable confidentiality restrictions, each Grantor and the Manager shall hold and preserve its records concerning the Collateral and shall permit representatives of the Security Trustee to inspect and make abstracts from such records in accordance with Section 7 3 of the NPA

**Section 2.11. Voting Rights; Dividends; Etc.** (a) So long as an Event of Default has not occurred and is continuing

(i) each Grantor and the Manager shall be entitled to exercise any and all voting and other consensual rights pertaining to all or any part of the Beneficial Interest Collateral pledged by such Grantor or the Manager for any purpose, **provided that** such Grantor and the Manager shall not exercise or shall refrain from exercising any such right if such action would constitute a Default under this Agreement, the NPA or the terms of the Permitted Additional Debt, and

(ii) the Security Trustee shall execute and deliver (or cause to be executed and delivered) to such Grantor or the Manager all such proxies and other instruments as such Grantor or the Manager may reasonably request in writing and provide for the purpose of enabling such Grantor or the Manager to exercise the voting and other rights that it is entitled to exercise pursuant to Section 2 11(a)(i), and

(b) so long as an Event of Default has occurred and is continuing.

(i) any and all distributions, dividends and interest paid in respect of the Beneficial Interest Collateral pledged by such Grantor or the Manager, including any and all (i) distributions, dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, such Beneficial Interest Collateral, (ii) distributions, dividends and other distributions paid or payable in cash in respect of such Beneficial Interest Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus, and (iii) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, such Beneficial Interest Collateral shall be forthwith delivered to the Security Trustee and, if received by such Grantor or the Manager, shall be received in trust for the benefit of the Security Trustee, be segregated from the other property or funds of such Grantor or the Manager and be forthwith delivered to the Security Trustee in the same form as so received (with any necessary endorsement); and

(ii) all rights of each Grantor and the Manager to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to 2.11 shall cease, and all such rights shall thereupon become vested in the Security Trustee, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights

**Section 2.12. Transfers and Other Liens; Additional Shares or Interests** No Grantor or the Manager shall (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, any of the Collateral or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor or the Manager, in the case of clause (i) or (ii) other than the pledge, assignment and security interest created by this Agreement or a Permitted Lien or as otherwise provided or permitted herein or in the NPA

**Section 2.13. Security Trustee Appointed Attorney-in-Fact.** Each Grantor and the Manager hereby irrevocably appoints, as security for the Secured Obligations, the Security Trustee as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and the Manager and in the name of such Grantor, the Manager or otherwise, from time to time in the Security Trustee's discretion to execute and file any UCC Financing Statement or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, in order to perfect and preserve the pledge, assignment and security interest granted hereby to the extent of the Express Perfection Requirements, and so long as an Event of Default has occurred and is continuing, to take any action and to execute any instrument that the Security Trustee may deem necessary or advisable to accomplish the purposes of this Agreement, including

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments and documents included in the Collateral,

(c) to file any claims or take any action or institute any proceedings that the Security Trustee may deem necessary for the collection of any of the Collateral or otherwise to enforce the rights of the Security Trustee with respect to any of the Collateral,

(d) to the extent otherwise permitted by this Agreement and any other Security Document, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the UCC or the laws of any other relevant jurisdiction and as fully and completely as though the Security Trustee were the absolute owner thereof for all purposes, and to do at the Issuers' expense, at any time, or from time to time, all acts and things which the Security Trustee deems necessary or advisable to protect, preserve or realize upon the Collateral and the Security Trustee's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Grantor or the Manager might do, including, without limitation, (i) the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Security Trustee so elects, with a view to causing the liquidation in a commercially reasonable manner of

(11) all rights of each Grantor and the Manager to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to 2.11 shall cease, and all such rights shall thereupon become vested in the Security Trustee, which shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights

**Section 2.12. Transfers and Other Liens; Additional Shares or Interests** No Grantor or the Manager shall (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, any of the Collateral or (ii) create or suffer to exist any Lien upon or with respect to any of the Collateral of such Grantor or the Manager, in the case of clause (i) or (ii) other than the pledge, assignment and security interest created by this Agreement or a Permitted Lien or as otherwise provided or permitted herein or in the NPA

**Section 2.13. Security Trustee Appointed Attorney-in-Fact** Each Grantor and the Manager hereby irrevocably appoints, as security for the Secured Obligations, the Security Trustee as such Grantor's attorney-in-fact, with full authority in the place and stead of such Grantor and the Manager and in the name of such Grantor, the Manager or otherwise, from time to time in the Security Trustee's discretion to execute and file any UCC Financing Statement or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary, in order to perfect and preserve the pledge, assignment and security interest granted hereby to the extent of the Express Perfection Requirements, and so long as an Event of Default has occurred and is continuing, to take any action and to execute any instrument that the Security Trustee may deem necessary or advisable to accomplish the purposes of this Agreement, including

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral,

(b) to receive, indorse and collect any drafts or other instruments and documents included in the Collateral,

(c) to file any claims or take any action or institute any proceedings that the Security Trustee may deem necessary for the collection of any of the Collateral or otherwise to enforce the rights of the Security Trustee with respect to any of the Collateral,

(d) to the extent otherwise permitted by this Agreement and any other Security Document, generally to sell, transfer, pledge, make any agreement with respect to or otherwise dispose of or deal with any of the Collateral in such manner as is consistent with the UCC or the laws of any other relevant jurisdiction and as fully and completely as though the Security Trustee were the absolute owner thereof for all purposes, and to do at the Issuers' expense, at any time, or from time to time, all acts and things which the Security Trustee deems necessary or advisable to protect, preserve or realize upon the Collateral and the Security Trustee's security interest therein, in order to effect the intent of this Agreement, all as fully and effectively as the Grantor or the Manager might do, including, without limitation, (i) the exercise of voting rights with respect to voting securities, which rights may be exercised, if the Security Trustee so elects, with a view to causing the liquidation in a commercially reasonable manner of

assets of the issuer of any such securities and (iii) the execution, delivery and recording, in connection with any sale or other disposition of any Collateral, of the endorsements, assignments or other instruments of conveyance or transfer with respect to such Collateral, and

(e) to register with the International Registry each Assigned Lease that constitutes an International Interest and the assignment of the international interest relating to each Assigned Lease registered on the International Registry in accordance with the Cape Town Convention, and give notice to the Lessee of Lessor's assignment of all its rights, title and interest in and to the Assigned Lease

To the extent permitted by law, each Grantor and the Manager hereby ratifies all that said attorneys shall lawfully do or cause to be done by virtue hereof. This power of attorney is a power coupled with an interest and is irrevocable.

**Section 2.14. Security Trustee May Perform** If any Grantor or the Manager fails to perform any agreement contained in this Agreement, the Security Trustee may (but shall not be obligated to) after such prior notice to the Manager and the applicable Grantor as may be reasonable under the circumstances, itself perform, or cause performance of, such agreement, and the expenses of the Security Trustee incurred in connection with doing so shall be payable by the Issuers within five (5) Business Days of receipt of a reasonably detailed invoice.

**Section 2.15. Covenant to Pay** The Manager and each Issuer covenants with the Security Trustee (for the benefit of the Secured Parties) that it is accepting joint and several liability to pay or discharge any monies and liabilities whatsoever that are now, or at any time hereafter may be due, owing or payable under this Agreement by the Issuer, the Manager or a Grantor in any currency, actually or contingently, solely and/or jointly, and/or severally with another or others, as principal or surety on any account whatsoever pursuant to this Agreement in accordance with its terms. Each Issuer agrees that no payment or distribution by such Issuer pursuant to the preceding sentence shall entitle such Issuer to exercise any rights of subrogation in respect thereof until the related Secured Obligations then payable shall have been paid in full. All such payments shall be made in accordance with Section 3.03.

**Section 2.16. Delivery of Collateral Supplements** On the date of each Grant (other than the Effective Date), each relevant Grantor or the Manager shall concurrently execute and deliver to the Security Trustee a Collateral Supplement or a Grantor Supplement, as applicable, duly completed with respect to any Collateral acquired or altered after the Effective Date and shall take such steps with respect to the perfection of any Collateral as are called for by this Agreement for Collateral of the same type and concurrently therewith provide an Opinion with respect to the grant and perfection of the Security Trustee's Lien in such Collateral; **provided that** the foregoing shall not be construed to require the taking of any steps or other action with respect to perfection not required by the Express Perfection Requirements, and **provided further that** the failure of any Grantor or the Manager to deliver any Collateral Supplement as to any such Collateral shall not impair the Lien of this Agreement as to such Collateral. The Manager shall cause each Equity Party, if any, to become a Grantor hereunder and deliver a Grantor Supplement in accordance with this Section 2.16.

## **Section 2.17. Operational Covenants**

(a) **Identification of Security Trustee's Interest** With respect to each Pool Aircraft, the relevant Grantor agrees to affix or cause to be affixed as promptly as practicable after the later of the Effective Date and the date such Pool Aircraft is added to the Designated Pool, and thereafter to maintain in the cockpit of such Pool Aircraft, in a clearly visible location, a nameplate bearing the inscription "MORTGAGED TO WELLS FARGO BANK, N A , AS SECURITY TRUSTEE" (such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Security Trustee)

(b) **Registration** Each Grantor shall cause each Pool Aircraft Owned by it to be duly registered (or in the process of being registered) in the name of the relevant Grantor or the applicable Lessee, in each case as permitted under the applicable registry, **provided that** a Pool Aircraft may be unregistered for a temporary period when it is in between Eligible Leases or in connection with modification, repair, maintenance, shipping or other transportation, storage or re-registration of such Pool Aircraft, **provided further that** on any given date of determination, no more than four (4) Pool Aircraft shall have been unregistered for a consecutive period of one hundred and twenty (120) days The Security Trustee agrees that it will cooperate with the relevant Grantor in changing the state of registration of any Pool Aircraft and discharging and terminating any filing, registrations or recordations done in such prior state of registration to perfect the Security Trustee's Lien in the applicable Collateral at the cost of the Issuers and as the relevant Issuer, the Manager or the relevant Grantor may request (which cooperation shall include the execution and delivery by the Security Trustee of such documents, and the taking of such other actions by the Security Trustee, as the relevant Issuer, the Manager or the relevant Grantor may request), **provided that** such request does not conflict with the Manager or the relevant Grantor's obligations under this Agreement

(c) **Leases** Each Grantor undertakes to cause all applicable filings, recordings and registrations to be done in any relevant jurisdiction, as are required for the establishment, protection, preservation and priority of its rights and interests in any Lease to which it is a party, to the extent such filings, recordings and registrations are made in accordance with the Leasing Company Practice Upon the delivery of the applicable Pool Aircraft under any replacement Lease, the applicable Grantor shall deliver to the Security Trustee certificates of insurance from qualified brokers of aircraft insurance (or other evidence satisfactory to the Security Trustee), evidencing all insurance required to be maintained by the applicable Lessee, together with the endorsements required pursuant to Section 2 18 and Schedule V of this Agreement and, to the extent applicable, the documents listed in Schedule VII

(d) Except to the extent provided in the definition of Permitted Lien or as permitted hereunder, the applicable Grantor (i) shall defend the Collateral against all claims and demands of all Persons at any time claiming the Collateral or any interests therein materially adverse to the Secured Trustee and (ii) shall not pledge, mortgage or create, or suffer to exist any right of any person in or claim by any Person to the Collateral, or any security interest, lien or other encumbrance in the Collateral in favor of any Person, or become bound (as provided in Section 9-203(d) of the UCC or any other relevant jurisdiction or otherwise) by a security agreement in favor of any Person as secured party, other than the Security Trustee

**Section 2.18. Insurance** The relevant Grantor shall maintain, or procure that the relevant Lessee or sublessee, as applicable, maintains, hull and third party liability insurance policies, with insurers or reinsured with reinsurers of recognized responsibility or pursuant to governmental indemnities, in respect of each Pool Aircraft in accordance with the terms of Schedule V hereto

**Section 2.19. Changes to the Designated Pool; Owner Trusts and SPCs**

(a) **Restrictions on Disposition of Aircraft** Except as expressly provided below in this Section 2.19 with respect to a Pool Aircraft, no Grantor shall sell, transfer or otherwise dispose of the ownership of any Pool Aircraft (directly or by transfer of an Eligible Entity or otherwise) For purposes of clarification, the foregoing restriction on transfer or other disposal of the ownership of the Pool Aircraft by the Grantors does not apply to the leasing, subleasing, wetleasing, chartering or any similar arrangement of a Pool Aircraft

(b) **Removal of Pool Aircraft from the Designated Pool** So long as no Event of Default shall exist before or after such removal, any Grantor may remove (directly or by transfer of a Grantor) any one or more Pool Aircraft (a "**Replaced Aircraft**") from the Designated Pool so long as, both before and after giving effect to such removal under this Section 2.19(b) and any concurrent addition of one or more Aircraft to the Designated Pool or delivery of cash Collateral into the Cash Collateral Account (or a combination thereof), no Borrowing Base Deficiency shall exist and the Manager delivers a Borrowing Base Certificate, together with a Pool Specifications Report, certifying to the foregoing concurrently therewith Upon the satisfaction of the conditions set forth herein with respect to any Replaced Aircraft, the Security Trustee's security interest (including International Interest) in, and Lien on, such Replaced Aircraft (and any other Collateral directly related to such Replaced Aircraft) shall be automatically released and such Replaced Aircraft shall be removed from the Designated Pool The Security Trustee shall promptly execute and deliver to the Issuers and the relevant Grantor, at the Issuers' expense, all documents, and take such actions, at the Issuers' expense, that the relevant Issuer, the Manager or the relevant Grantor shall reasonably request to evidence the Security Trustee's release of the security interests (including International Interests) in, and Liens on, the applicable Replaced Aircraft (and any other Collateral directly related to such Replaced Aircraft)

(c) **Addition of Aircraft to the Designated Pool** Any Grantor may add any Aircraft to the Designated Pool at any time as an Additional Pool Aircraft provided the terms and conditions set forth herein and in Schedule VII hereto have been complied with on or prior to the date of such Additional Pool Aircraft is added to the Borrowing Base

(d) **Owner Trusts and SPCs** The Manager and any Grantor shall be entitled, by giving notice to the Security Trustee, to transfer the Ownership of a Pool Aircraft to a different Owner Trust or an SPC, as applicable, **provided that**

(i) such Owner Trust or SPC is an Eligible Entity and shall have (A) executed and delivered to the Security Trustee on or prior to Owning a Pool Aircraft, or an aircraft owned by an Owner Trust or SPC becoming a Pool Aircraft hereunder, as applicable, a Grantor Supplement (or a Collateral Supplement, if such Person is already a Grantor hereunder),

(B) complied with all applicable Express Perfection Requirements as are required to grant to the Security Trustee a perfected security interest in, and Lien on, the Collateral held by such Owner Trust or SPC (it being understood and agreed that, with respect to each Collateral, only the Express Perfection Requirements shall be required to be satisfied), (C) delivered to the Security Trustee Opinion(s) regarding the matters covered in clause (B) above and (D) the applicable documents referred to in Section 2.06(b), and

(ii) subject to the Local Requirements Exception, a Grantor shall hold all of the Equity Interest in such Owner Trust or SPC and shall have (A) executed and delivered to the Security Trustee a Collateral Supplement, (B) complied with all applicable Express Perfection Requirements as are required to grant to the Security Trustee a perfected security interest in, and Lien on, the Equity Interests in such Owner Trust or SPC and any Collateral held by such Owner Trust or SPC (it being understood and agreed that, with respect to each Collateral, only the Express Perfection Requirements shall be required to be satisfied) and (C) delivered to the Security Trustee Opinion(s) regarding the matters covered in clause (B) above

(e) **Requirements Following an Event of Loss** Upon an Event of Loss with respect to any Pool Aircraft, the Manager or the applicable Grantor shall within the earlier of three (3) Business Days of such Grantor's or the Manager's receipt of the insurance proceeds from the applicable insurer and six months from the occurrence of such Event of Loss either (i) add one or more Aircraft to the Designated Pool as an Additional Pool Aircraft in accordance with Section 2.19(c) above, or (ii) deliver to the Security Trustee an amount of cash, to be held by the Security Trustee in the Cash Collateral Account, or (iii) effect a combination of clauses (i) and (ii), such that after removal of the Pool Aircraft subject to the Event of Loss from the Designated Pool, there is no Borrowing Base Deficiency and deliver a Borrowing Base Certificate, together with a Pool Specifications Report, certifying to the foregoing. Upon the satisfaction of the conditions set forth herein with respect to any Pool Aircraft subject to such Event of Loss, the Security Trustee's security interest (including International Interest) in, and Lien on, the Pool Aircraft subject to such Event of Loss (and any other Collateral directly related to such Pool Aircraft) shall be automatically released and such Pool Aircraft shall be removed from the Designated Pool. The Security Trustee shall promptly execute and deliver to the Issuers and the relevant Grantor, at the Issuers' expense, all documents, and take such actions, at the Issuers' expense, that the relevant Issuer, the Manager or the relevant Grantor shall reasonably request to evidence its release of the security interests (including International Interests) in, and Liens on, the applicable Pool Aircraft (and any other Collateral directly related to such Pool Aircraft)

(f) **Release of Cash Collateral** So long as no Event of Default shall exist before or after such removal, any Grantor shall have the right to request the Security Trustee to release from the Lien of this Agreement, and to transfer to the Person or account as requested by such Grantor, any cash Collateral so long as, both before and after giving effect to such removal and any concurrent addition or removal of Collateral under this Section 2.19, no Borrowing Base Deficiency shall exist and the Manager delivers a Borrowing Base Certificate, together with a Pool Specifications Report, certifying to the foregoing concurrently therewith. Upon satisfaction of the conditions set forth herein, the Security Trustee will release from the Lien of this

Agreement, and instruct and require the applicable Securities Intermediary to transfer to the Person or account as requested by such Grantor, such amount of cash Collateral

(g) **Termination of a Grantor's Owner Trust's or SPC's Status.** The Manager or any Grantor may at any time and from time to time, upon not less than five (5) days' revocable prior written notice to the Security Trustee, assign the Equity Interests in an Owner Trust or SPC to any Person that is not a Subsidiary of an Issuer or otherwise terminate a Grantor's, an Owner Trust's or SPC's status as such, **provided that** such Grantor, Owner Trustee or SPC does not Own any Collateral or will not Own any Collateral at the time the termination of such Grantor's status as such takes effect or the transfer or termination of such Owner Trust's or SPC's status as such takes effect. If a Grantor, Owner Trust's or SPC's status is terminated as such, the Security Trustee's security interests (including International Interests) in, and Liens on, the assets of and the Equity Interest in such Grantor, Owner Trust or SPC shall be automatically released and concurrently such Grantor, Owner Trust or SPC shall cease to be a Guarantor Party hereunder. The Security Trustee shall promptly execute and deliver to the Issuers and the relevant Grantor, at the Issuers' expense, all documents that the Issuers, the Manager or the relevant Grantor shall reasonably request to evidence its release of the security interests in and Liens on the applicable assets released in accordance with the previous sentence. For the avoidance of doubt, nothing in this Section 2 19(g) shall permit the release of the Manager, any Issuer or any other parent of the U S Issuer, if applicable

**Section 2.20. Protection of Security Interest of the Security Trustee** The Manager and each Grantor shall deliver to the Security Trustee such additional supplements to this Agreement and other similar instruments, agreements and documents (including UCC Financing Statements and charge documents) as shall be necessary, as the Security Trustee may reasonably request to effectuate the terms hereof under and in accordance with the Security Documents and thereby to grant, maintain, protect and evidence security interests in favor of the Security Trustee for the benefit of the Secured Parties, and take all actions necessary to perfect security interests in favor of the Security Trustee, in accordance with (1) the laws of the United States (or any instrumentality thereof) (including but not limited to the filing of UCC Financing Statements in the appropriate locations, including the State of Utah or the District of Columbia, as applicable, and appropriate offices and registrations and recordings with the FAA and the International Registry), (2) the Cape Town Convention, and (3) the laws of the jurisdiction of organization of the applicable Grantor or the Manager hereunder, in any or all present and future property of such Grantor or the Manager which would constitute Collateral under and in accordance with the terms of the Security Documents prior to the Liens or other interests of any Person, except to the extent Permitted Liens may pursuant to applicable law have priority, including recording priority, **provided however that** only the Express Perfection Requirements shall be required to be satisfied. Upon the request of the relevant Issuer or any Grantor, the Security Trustee shall execute and deliver and, if applicable, pre-position with counsel identified in such request, and instruct such counsel, as requested by the relevant Issuer, the Manager or such Grantor, to file, record or register, as applicable, any document referred to above in this Section 2 20. To the extent that (i) the Security Trustee's consent is required for any filing, recording or registration of any document referred to above in this Section, or (ii) the Security Trustee is required to initiate any such filing, recording or registration, the Security Trustee shall act in accordance with the relevant Issuer's, the Manager's or the applicable Grantor's instructions to ensure that such consent or such initiation of such filing, recording or registration is effected

**Section 2.21. Change of Name, etc.** (a) No Grantor or the Manager shall change its name or type or organization or its location (for purposes of 9-307 of the UCC) unless such Grantor or the Manager, as applicable, shall have given the Security Trustee at least thirty (30) days' prior written notice thereof, **provided that** in any case in which such change of name or type of organization or location would or could make this Agreement, the other Security Documents, any filings or registrations or any financing statement or continuation statement filed pursuant to the terms hereof misleading within the meaning of Section 9-507(c) of the UCC or any other applicable law, such Grantor or the Manager shall or, upon the Security Trustee's reasonable request, shall, at the Issuers' expense, promptly file appropriate amendments to all previously made filings or registrations and all previously filed financing statements and continuation statements. Upon the request of the Manager or any Grantor, the Security Trustee shall execute and deliver and, if applicable, pre-position with counsel identified in such request, and instruct such counsel, as requested by the Manager or such Grantor, to file, record or register, as applicable, any document referred to above in this Section 2.21. To the extent that (i) the Security Trustee's consent is required for any filing, recording or registration of any document referred to above in this Section, or (ii) the Security Trustee is required to initiate any such filing, recording or registration, the Security Trustee shall act in accordance with the Manager's or the applicable Grantor's instructions to ensure that such consent or such initiation of such filing, recording or registration is effected.

(b) Each Grantor shall furnish to the Security Trustee from time to time such statements and schedules further identifying and describing the Collateral as the Security Trustee may reasonably request, all in reasonable detail.

**Section 2.22. Ownership of Pool Aircraft** No Grantor shall permit any Person other than an Eligible Entity to hold title to any Pool Aircraft (except to the extent of the Local Requirements Exception)

**Section 2.23. Representations Regarding Operation** No Grantor or the Manager shall represent or hold out, or consent to any Lessee representing or holding out, the Security Trustee or another Secured Party (solely in its capacity as such) as (i) the owner or lessor of any Pool Aircraft, (ii) carrying goods or passengers on any Pool Aircraft or (iii) being in any way responsible for any operation of carriage (whether for hire or reward or gratuitously) with respect to any Pool Aircraft.

**Section 2.24. Compliance with Laws, Etc.** Each Grantor and the Manager shall comply in all material respects with all Requirements of Laws applicable to it and preserve and maintain its corporate (or similar) existence, rights, franchises, qualifications, and privileges, except to the extent that the failure so to comply with such Requirements of Laws, or the failure so to preserve and maintain such existence, rights, franchises, qualifications, and privileges, is caused by a Third Party Event, or would not materially adversely affect the Collateral, or the ability of such Grantor or the Manager to perform its obligations under this Agreement. Without limiting the foregoing, except as may be related to a Third Party Event, each Grantor or the Manager shall obtain (or procure that applicable Lessee shall obtain) all governmental (including regulatory) registrations, certificates, licenses, permits and authorizations required to be obtained by it in connection with this Agreement for each Pool Aircraft (issued by the applicable aviation authority and in the appropriate category for the nature of operations of such Pool Aircraft).

unless such Pool Aircraft is not subject to an Eligible Lease or is undergoing maintenance, repair or modification or is in storage or is being shipped or otherwise transported or in re-registration or the failure to so obtain any such governmental (including regulatory) registration, certificate, license, permit or authorization would not materially adversely affect the Collateral, or the ability of such Grantor or the Manager to perform its obligations under this Agreement

**Section 2.25. Information** The Manager shall notify the Security Trustee promptly and in any event within five (5) Business Days after a Responsible Officer of the Manager obtaining actual knowledge thereof, in writing and in reasonable detail, of any Event of Loss with respect to a Pool Aircraft. The Issuers or the Manager shall furnish promptly, from time to time, subject to applicable confidentiality restrictions such other information, documents, records or reports respecting the Pool Aircraft which are reasonably available to it and which the Security Trustee may, from time to time, reasonably request (including any Appraisal) to the extent necessary for the Security Trustee to confirm compliance with the terms of this Agreement

### ARTICLE III

#### ENFORCEMENT OF SECURITY

**Section 3.01. Notice of Event of Default.** If an Event of Default shall occur and be continuing in respect of any Secured Debt or an acceleration of the principal of any outstanding Secured Debt shall occur following an Event of Default in respect thereof, the Holders of such Secured Debt or their representative shall give notice to the Security Trustee in writing as soon as practicable thereafter, giving reasonable details of such Event of Default and acceleration, if applicable. Upon receiving such notice, or if it becomes aware that an Event of Default has occurred and is continuing, the Security Trustee shall either forward such notice upon receipt to the Manager or give such notice, as the case may be, to the Holders of the Secured Debt

**Section 3.02. Remedies** Notwithstanding anything herein to the contrary, if any (i) Event of Default has occurred and is continuing, subject to the quiet enjoyment rights of the applicable Lessee of any Pool Aircraft, the Security Trustee may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, all of the rights and remedies of a secured party upon default under the UCC to collect from or obtain performance by third parties pursuant to Section 9-607 of the UCC (whether or not the UCC applies to the affected Collateral), including for the avoidance of doubt, the right to exercise control over all Account Collateral, and all of the other rights and remedies under applicable law other than the right to sell the Collateral pursuant to Section 9-610 of the UCC or other applicable law, and (ii) Enforcement Event has occurred and is continuing, and in each case subject to the quiet enjoyment rights of the applicable Lessee of any Pool Aircraft

(a) The Security Trustee may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, all of the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and all of the rights and remedies under applicable law and also may (i) require any Grantor or the Manager to, and such Grantor or the Manager hereby agrees that it shall, at the Issuers' expense and upon written request of the Security Trustee, forthwith assemble all or any part of the

Collateral as directed by the Security Trustee and make it available to the Security Trustee at a place to be reasonably designated by the Security Trustee and (ii) without notice except as specified below, sell or cause the sale of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Security Trustee's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Security Trustee may deem commercially reasonable. Each Grantor or the Manager agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Security Trustee shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Security Trustee may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. To the maximum extent permitted by applicable law, Security Trustee may be the purchaser of any or all of the Collateral at any such sale and shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such sale, to use and apply all or any part of the Secured Obligations as a credit on account of the purchase price of any Collateral payable at such sale.

(b) The Security Trustee may, at the direction of the Majority Holders, in addition to or in connection with any other remedies available hereunder or under any other applicable law, exercise any and all remedies granted under the Cape Town Convention. In connection therewith, the parties hereby agree to the extent permitted by the UCC that (i) Article 9(1) and Article 9(2) of the Cape Town Convention, wherein the parties may agree or the court may order that any Collateral shall vest in the Security Trustee in or towards satisfaction of the Secured Obligations, shall not preclude the Security Trustee from obtaining title to any Collateral pursuant to any other remedies available under applicable law (including but not limited to Section 9-620 of the UCC), (ii) any surplus of cash or cash proceeds held by the Security Trustee and remaining after payment in full of all the Secured Obligations owed to it shall be paid over in accordance with Section 3.03 hereof, and (iii) the Security Trustee may obtain from any applicable court, pending final determination of any claim resulting from an Event of Default, speedy relief in the form of any of the orders specified in Article 13 of the Cape Town Convention and Article X of the Protocol as the Security Trustee shall determine in its sole and absolute discretion, subject to any procedural requirements prescribed by applicable laws.

(c) All cash proceeds received by the Security Trustee in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied in accordance with Section 3.03 to the extent permitted by applicable law. Any sale or sales conducted in accordance with the terms of this Section 3.02 shall be deemed conclusive and binding on each Grantor and the Secured Parties.

(d) The Security Trustee shall not be required to marshal any present or future collateral security (including but not limited to this Agreement and the Collateral) for, or other assurances of payment of, the Secured Obligations or any of them or to resort to such collateral security or other assurances of payment in any particular order, and all of its rights hereunder and in respect of such collateral security and other assurances of payment shall be cumulative and in addition to all other rights, however existing or arising. To the extent that it lawfully may, each Grantor and the Manager hereby agrees that it will not invoke any law relating to the marshaling

of collateral under this Agreement or under any other instrument, and, to the extent that it lawfully may, the each Grantor and the Manager hereby irrevocably waives the benefits of all such laws

**Section 3.03. Priority of Payments** The Security Trustee hereby agrees that all cash proceeds received by the Security Trustee in respect of any Collateral pursuant to Section 3.02 hereof and any payments by the Issuers to the Security Trustee following the occurrence and during the continuation of an Enforcement Event, will be paid by the Security Trustee in the order of priority set forth below

(i) *first*, to the Security Trustee, an amount equal to the fees and expenses and indemnities incurred by it and for which it has not been reimbursed,

(ii) *second*, to the Holders of the Secured Debt, for amounts due and unpaid on their respective Secured Debt for principal, premium, if any, make-whole amounts, if any, and interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Secured Debt for such amounts, respectively, until repayment in full of all then outstanding Securities and Permitted Additional Debt, and

(iii) *third*, to the Grantors, or to whomsoever a court of competent jurisdiction may direct, all remaining amounts to be paid

The Manager and the Grantors shall remain liable for any deficiency in the payment of the Secured Obligations

**Section 3.04. Action on Instructions** The Security Trustee will only be permitted, subject to applicable law, to exercise remedies, including to sell the Collateral, at the direction of the Holders of a majority in principal amount of the Secured Debt (the "**Majority Holders**") None of the Holders shall have the independent power to exercise any rights or powers or to grant any consents or releases under or pursuant to this or otherwise have direct recourse to the Collateral or guarantees under this Agreement

**Section 3.05. Excluded Property** Notwithstanding anything to the contrary contained in the NPA, the Permitted Additional Debt, this Agreement and/or the other Security Documents, if the Security Trustee receives any amounts, which the Manager or a Grantor notifies the Security Trustee constitutes Excluded Property, the Security Trustee shall promptly distribute such amounts upon receipt by the Security Trustee directly to the Person or Persons entitled thereto as so instructed by the Manager or such Grantor

## ARTICLE IV

### SECURITY INTEREST ABSOLUTE

**Section 4.01. Security Interest Absolute** Subject to Section 9.13, a separate action or actions may be brought and prosecuted against each Grantor and the Manager to enforce this Agreement, irrespective of whether any action is brought against any other Grantor or the Manager or whether any other Grantor or the Manager is joined in any such action or actions. Except as otherwise provided in this Agreement, until the Secured Obligations then outstanding

are paid in full, all rights of the Security Trustee and the security interests and Liens granted under, and all obligations of each Grantor and the Manager under, this Agreement shall be absolute and unconditional, irrespective of

(a) any lack of validity or enforceability of the NPA or the Notes, the terms of the Permitted Additional Debt, any Security Document or any other agreement or instrument relating thereto,

(b) any change in the time, manner or place of payment of, the security for, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from the NPA or the Notes, the terms of the Permitted Additional Debt, any Security Document, or any other agreement or instrument relating thereto;

(c) any taking, exchange, release or non-perfection of the Collateral or any other collateral or taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations,

(d) any manner of application of Collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any Collateral for all or any of the Secured Obligations,

(e) any change, restructuring or termination of the corporate structure or existence of any Grantor or the Manager, or

(f) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor, the Manager or a third-party grantor of a security interest or a Person deemed to be a surety

## ARTICLE V

### THE SECURITY TRUSTEE

The Security Trustee and the Secured Parties agree among themselves as follows

**Section 5.01. Authorization and Action** Each Secured Party by its acceptance of the benefits of this Agreement hereby appoints and authorizes Wells Fargo as the initial Security Trustee to take such action as trustee on behalf of the Secured Parties and to exercise such powers and discretion under this Agreement as are specifically delegated to the Security Trustee by the terms of this Agreement, and no implied duties and covenants shall be deemed to arise against the Security Trustee. For the avoidance of doubt, each Secured Party by its acceptance of the benefits of this Agreement hereby requests and instructs the Security Trustee to enter into all Transaction Documents including all Pool Aircraft-related documents and instruments on this date and as may arise from time to time for the purpose of establishing and maintaining its security interest for itself and for the benefit of the other Secured Parties in respect of the applicable Pool Aircraft

(a) **Appointment** The Security Trustee accepts such appointment and agrees to perform the same, but only upon the terms of this Agreement (including any quiet enjoyment

covenants given to the applicable Lessee), and agrees to receive and disburse all moneys received by it in accordance with the terms of this Agreement. The Security Trustee in its individual capacity shall not be answerable or accountable under any circumstances, except for its own willful misconduct, bad faith or gross negligence (or simple negligence in the handling of funds or breach of any of its representations or warranties set forth in this Agreement), and the Security Trustee shall not be liable for any action or inaction of any Grantor or any other parties to this Agreement or the NPA.

(b) **Absence of Duties** The powers conferred on the Security Trustee under this Agreement with respect to the Collateral are solely to protect its interests in this Agreement and shall not impose any duty upon it, except as explicitly set forth herein, to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it under this Agreement, the Security Trustee shall not have any duty as to any Collateral, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve or perfect rights against any parties or any other rights pertaining to any Collateral. The Security Trustee shall not be responsible for the existence, genuineness or value of any of the Collateral or for the validity, perfection, priority or enforceability of any Liens on any of the Collateral, whether impaired by operation of law or by reason of any action or omission to act on its part hereunder, except to the extent such action or omission constitutes gross negligence or willful misconduct on the part of the Security Trustee, for the validity or sufficiency of the Collateral or any agreement or assignment contained therein, for the validity of the title of Issuers or any other Grantor to the Collateral, for insuring the Collateral or for the payment of taxes, charges, assessments or Liens upon the Collateral or otherwise as to the maintenance of the Collateral. The Security Trustee's sole duty with respect to the custody, safe keeping and physical preservation of the Collateral in its possession, under 9-207 of the UCC or otherwise, shall be to deal with such Collateral in the same manner as the Security Trustee deals with similar property for its own account.

**Section 5.02. Representations or Warranties** The Security Trustee shall not make, nor shall it be deemed to have made, any representations or warranties as to the validity, legality or enforceability of this Agreement, the Secured Debt or any other document or instrument related thereto or as to the correctness of any statement contained in any thereof, or as to the validity or sufficiency of any of the pledge and security interests granted hereby, except that the Security Trustee in its individual capacity hereby represents and warrants (a) that each such specified document to which it is a party has been or will be duly executed and delivered by one of its officers who is and will at such time be duly authorized to execute and deliver such document on its behalf and (b) this Agreement is or will be the legal, valid and binding obligation of the Security Trustee in its individual capacity, enforceable against the Security Trustee in its individual capacity in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

**Section 5.03. Reliance; Advice of Counsel** (a) The Security Trustee shall not incur any liability to anyone as a result of acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by

it to be genuine and believed by it to be signed by the proper party or parties. The Security Trustee may accept a copy of a resolution of the board or other governing body of any party to this Agreement, certified by the Secretary or an Assistant Secretary thereof or other duly authorized Person of such party as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said board or other governing body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described in this Agreement, the Security Trustee shall be entitled to receive and may for all purposes hereof conclusively rely, and shall be fully protected in acting or refraining from acting, on a certificate, signed by an officer of any duly authorized Person, as to such fact or matter, and such certificate shall constitute full protection to the Security Trustee for any action taken or omitted to be taken by them in good faith in reliance thereon. The Security Trustee shall assume, and shall be fully protected in assuming, that each other party to this Agreement is authorized by its constitutional documents to enter into this Agreement and to take all action permitted to be taken by it pursuant to the provisions of this Agreement, and shall not inquire into the authorization of such party with respect thereto.

(b) The Security Trustee may execute any of its powers hereunder or perform any duties under this Agreement either directly or by or through agents, sub-agents or co-trustees, including financial advisors, or attorneys or a custodian or nominee, **provided however that** the appointment of any agent, sub-agent or co-trustee shall not relieve the Security Trustee of its responsibilities or liabilities hereunder.

(c) The Security Trustee may consult with counsel and any opinion of counsel or any advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it under this Agreement in good faith and in accordance with such advice or opinion of counsel.

(d) The Security Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation hereto, at the request, order or direction of any of the Secured Parties, pursuant to the provisions of this Agreement, unless such Secured Party shall have offered to the Security Trustee security or indemnity reasonably satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Security Trustee shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or indemnity reasonably satisfactory to it against such risk or liability is not reasonably assured to it, and none of the provisions contained in this Agreement shall in any event require the Security Trustee to perform, or be responsible or liable for the manner of performance of, any obligations of any Grantor or the Manager under this Agreement or the Secured Debt.

(f) If the Security Trustee incurs expenses or renders services in connection with an exercise of remedies specified in Section 3.02, such expenses (including the fees and expenses of its counsel) and the compensation for such services are intended to constitute

expenses of administration under any bankruptcy law or law relating to creditors' rights generally

(g) The Security Trustee shall not be deemed to have notice or knowledge of an Event of Default unless the Security Trustee obtains actual knowledge of such event or receives written notice of such event from any of the Secured Parties

(h) The Security Trustee shall not have any duty to monitor the performance of any Grantor or any other party to this Agreement, nor shall the Security Trustee have any liability in connection with malfeasance or nonfeasance by such parties. The Security Trustee shall not have any liability in connection with compliance by any Grantor or the Manager with statutory or regulatory requirements related to the Collateral or any Pool Aircraft. The Security Trustee shall not make or be deemed to have made any representations or warranties with respect to the Collateral or any Pool Aircraft or the validity or sufficiency of any assignment or other disposition of the Collateral or any Pool Aircraft

(i) The Security Trustee shall execute and deliver, approve of, consent to, file, record or register, as applicable, all amendments, modifications and supplements to this Agreement and/or the other Security Documents, or other instrument or document relating to this Agreement and/or the other Security Documents, contemplated or required to be executed, approved, consented to, filed, recorded or registered, as applicable, by the Security Trustee in accordance with the terms of this Agreement, **provided however that** any such amendments, modifications or supplements to this Agreement and/or the other Security Documents shall only be at the direction of the Majority Holders, except the Security Trustee may, without the need of any direction or consent or any other action by the Majority Holders (i) execute and deliver such amendments or supplements to this Agreement and any other Security Documents that are required for addition of Collateral and consent to, file, record or register or take such other actions as applicable with respect to such amendments, supplements and Security Documents and (ii) release the Security Trustee's security interest (including International Interests) in and liens on the Collateral, or applicable portion thereof, in accordance with the terms of this Agreement (whether pursuant to Article II or IX hereof or otherwise) and if applicable, release the applicable Guarantor Party from its Guaranteed Obligations under Article VIII, and shall, at the Issuers' expense, execute and deliver to the Issuers and the relevant Grantor all documents, and take such actions, that the relevant Issuer or the relevant Grantor shall reasonably request to evidence the Security Trustee's release of the Collateral and/or the applicable Guarantor Party, or applicable portion thereof, in accordance with the terms of this Agreement (whether pursuant to Article II or IX hereof or otherwise), including under Section 2.19(b)

**Section 5.04. Cape Town Convention** The Security Trustee, during the term of this Agreement, shall establish and maintain a valid and existing account as a Transacting User Entity with the International Registry and appoint an Administrator and/or a Professional User Entity to make registrations or discharges in regard to the Collateral as required by this Agreement

**Section 5.05. No Individual Liability** The Security Trustee shall not have any individual liability in respect of all or any part of the Secured Obligations, and shall look, subject to the Lien and priorities of payment provided herein and in the NPA, only to the Collateral of

the Grantors or the Manager (to the extent provided herein or in the case of the Issuers or the Manager as provided herein or in the NPA) for payment or satisfaction of the Secured Obligations pursuant to this Agreement and the NPA

**Section 5.06. Co-Security Trustee.** The Security Trustee may, and upon instructions of the Majority Holders shall, by an instrument in writing delivered to the Manager, the Issuers and the Holders, appoint a bank or trust company or an individual to act as separate security trustee or co-security trustee with respect to any Transaction Document in any jurisdiction where the Security Trustee is disqualified from acting or for any other purpose deemed by the Security Trustee or the Majority Holders to be necessary or desirable to preserve or protect the interests of the Secured Parties, such separate security trustee or co-security trustee to exercise only such rights and to have only such duties as shall be specified in the instrument of appointment (which rights and duties shall not exceed the rights or duties of the Security Trustee set forth herein and which rights shall be exercised and duties shall be performed only as expressly set forth in such instrument or as set forth in written instructions from the Security Trustee) Each party hereto by its execution or other acceptance of the terms hereof agrees to the appointment of any such separate security trustee or co-security trustee and the Issuers further agree that, if and only if such appointment is required because the Security Trustee is prohibited from holding a security interest in the Collateral located in such jurisdiction or the policy of the Security Trustee otherwise prohibits it from doing so, they will cause to be paid the reasonable compensation and out-of-pocket costs and expenses of any such separate security trustee or co-security trustee, which shall be deemed to be costs and expenses of the Security Trustee for the purpose of Section 7.01(c) hereof. If requested by the Security Trustee or such separate security trustee or co-security trustee, each party hereto affected thereby will enter into an amendment to this Agreement in accordance with the requirements of Section 9.01, confirming the rights and duties of such separate security trustee or co-security trustee

## **ARTICLE VI**

### **SUCCESSOR SECURITY TRUSTEE**

**Section 6.01. Resignation and Removal of the Security Trustee** The Security Trustee may resign at any time without cause by giving at least 30 days' prior written notice to the Issuers and the Majority Holders. The Majority Holders by instructions of said Majority Holders delivered to the Security Trustee and the Issuers may at any time remove the Security Trustee without cause. So long as no Event of Default shall have occurred and be continuing at such time, the Manager may remove the Security Trustee at any time in the event the Security Trustee shall fail to perform its obligations hereunder in any material respect. No resignation by or removal of the Security Trustee pursuant to this Section 6.01 shall become effective prior to the date of appointment by the Majority Holders of a successor Security Trustee and the acceptance of such appointment by such successor Security Trustee.

**Section 6.02. Appointment of Successor** (a) In the case of the resignation or removal of the Security Trustee, the Majority Holders may appoint a successor Security Trustee. So long as no Event of Default shall have occurred and be continuing, any such successor Security Trustee shall as a condition to its appointment be reasonably acceptable to the Issuers. If a successor Security Trustee shall not have been appointed and accepted its appointment hereunder

within 60 days after the Security Trustee gives notice of resignation, the retiring Security Trustee and/or the Majority Holders may petition any court of competent jurisdiction for the appointment of a successor Security Trustee. Any successor Security Trustee so appointed by such court shall immediately and without further act be superseded by any successor Security Trustee appointed as provided in the first sentence of this paragraph (a) within one year from the date of the appointment by such court.

(b) Any successor Security Trustee shall execute and deliver to the Issuers for the benefit of the other Grantors and the relevant Secured Parties an instrument accepting such appointment. Upon the acceptance of any appointment as Security Trustee hereunder, a successor Security Trustee, upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to this Agreement, and such other instruments or notices, as may be necessary, or as the successor Security Trustee may reasonably request in order to continue the perfection (if any) of the Liens granted or purported to be granted hereby, shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Security Trustee, and the retiring Security Trustee shall be discharged from its duties and obligations under this Agreement. The retiring Security Trustee shall take all steps necessary to transfer all Collateral in its possession and all its control over the Collateral to the successor Security Trustee. All actions under this paragraph (b) shall be at the expense of the Issuers, **provided that** if a successor Security Trustee has been appointed, or otherwise becomes such, as a result of the circumstances described in Section 6.02(d), any actions under this paragraph (b) as relating to such appointment shall be at the expense of the successor Security Trustee.

(c) The successor Security Trustee shall be an Eligible Institution, if there be such an institution willing, able and legally qualified to perform the duties of the Security Trustee hereunder and unless such institution is an Affiliate of the initial Security Trustee or an Event of Default has occurred and is continuing, reasonably acceptable to the Issuers.

(d) Any corporation or other entity into which the Security Trustee may be merged or converted or with which it may be consolidated, or any corporation or other entity resulting from any merger, conversion or consolidation to which the Security Trustee shall be a party, or any corporation or other entity to which substantially all the corporate trust business of the Security Trustee may be transferred, shall be the Security Trustee under this Agreement without further act, provided it is an Eligible Institution.

## ARTICLE VII

### INDEMNITY AND EXPENSES

**Section 7.01. Indemnity (a)** The Issuers shall indemnify, defend and hold harmless the Security Trustee (and its officers, directors, employees, representatives and agents) from and against, any loss, liability or expense (including reasonable legal fees and expenses) incurred by it without gross negligence or bad faith or willful misconduct on its part or failure to use ordinary care in the handling of any funds hereunder in connection with the acceptance or administration of this Agreement and its duties hereunder, including the costs and expenses of defending itself against any claim or liability and of complying with any process served upon it.

or any of its officers in connection with the exercise or performance of any of its powers or duties hereunder. The Security Trustee (i) must provide reasonably prompt notice to the Manager of any claim for which indemnification is sought, **provided that** the failure to provide notice shall only limit the indemnification provided hereby to the extent of any incremental expense or actual prejudice as a result of such failure, and (ii) must not make any admissions of liability or incur any significant expenses after receiving actual notice of the claim or agree to any settlement without the written consent of the Issuers, which consent shall not be unreasonably withheld. The Issuers shall not be required to reimburse any expense or indemnify against any loss or liability incurred by the Security Trustee through gross negligence or bad faith or willful misconduct or failure to use ordinary care in the handling of any funds or in case of any breach of the Security Documents or any Requirements of Law by the Security Trustee.

(b) The Issuers may, in their sole discretion and at their expense, control the defense of the claim including, designating counsel for the Security Trustee and controlling all negotiations, litigation, arbitration, settlements, compromises and appeals of any claim; **provided that** (i) the Issuers may not agree to any settlement involving any indemnified person that contains any element other than the payment of money and complete indemnification of the indemnified person without the prior written consent of the affected indemnified person, (ii) the Issuers shall engage and pay the expenses of separate counsel for the indemnified person to the extent that the interests of the Security Trustee are in conflict with those of the Issuers and (iii) the indemnified person shall have the right to disapprove the counsel designated by the Issuers which disapproval shall not be unreasonably given.

(c) The Issuers shall within ten (10) Business Days of receipt of a reasonably detailed invoice pay to the Security Trustee the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Security Trustee may incur in connection with (i) the administration of this Agreement (in accordance with fee arrangements agreed between the Security Trustee and the Issuers), (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Security Trustee or any other Secured Party against the Issuers or any Grantor hereunder or (iv) the failure by the Issuers or any Grantor to perform or observe any of the provisions hereof.

**Section 7.02. Secured Parties' Indemnity** (a) The Security Trustee shall be entitled to be indemnified (subject to the limitations and requirements described in Section 7.01 *mutatis mutandis*) by the Holders of the Secured Debt (such Holders providing such indemnity being referred to as the "**Indemnifying Holders**") to the sole satisfaction of the Security Trustee before proceeding to exercise any right or power under this Agreement or any other Security Document at the request or direction of the Majority Holders. Such indemnification shall be limited to the pro rata share of the applicable Indemnifying Holder not to exceed the aggregate principal amount due and owing to such Indemnifying Holder.

(b) In order to recover under clause (a) above, the Security Trustee (i) must provide reasonably prompt notice to the Indemnifying Holders of any claim for which indemnification is sought, **provided that** the failure to provide notice shall only limit the indemnification provided hereby to the extent of any incremental expense or actual prejudice as a result of such failure, and (ii) must not make any admissions of liability or incur any significant

expenses after receiving actual notice of the claim or agree to any settlement without the written consent of the Indemnifying Holders which consent shall not be unreasonably withheld. No Holder shall be required to reimburse any expense or indemnify against any loss or liability sustained by the Security Trustee through gross negligence or willful misconduct or bad faith or failure to use ordinary care in the handling of any funds or in case of any breach of the Security Documents or any Requirements of Law by the Security Trustee.

(c) The Indemnifying Holders may, in their sole discretion, and at their expense, control the defense of the claim including, designating counsel for the Security Trustee and controlling all negotiations, litigation, arbitration, settlements, compromises and appeals of any claim, **provided that** (i) the Indemnifying Holders may not agree to any settlement involving any indemnified person that contains any element other than the payment of money and complete indemnification of the indemnified person without the prior written consent of the affected indemnified person, (ii) the Indemnifying Holders shall engage and pay the expenses of separate counsel for the indemnified person to the extent that the interests of the Security Trustee are in conflict with those of the Indemnifying Holders and (iii) the indemnified person shall have the right to disapprove the counsel designated by the Indemnifying Holders which disapproval shall not be unreasonably given.

(d) The provisions of Section 7.01 and this Section 7.02 shall survive the termination of this Agreement or the earlier resignation or removal of the Security Trustee.

**Section 7.03. No Compensation from Secured Parties** The Security Trustee agrees that it shall have no right against the Secured Parties for any fee as compensation for its services in such capacity.

**Section 7.04. Security Trustee Fees** In consideration of the Security Trustee's performance of the services provided for under this Agreement, the Issuers shall pay to the Security Trustee an annual fee set forth under a separate agreement between the Issuers and the Security Trustee and shall reimburse the Security Trustee for expenses incurred including those associated with the International Registry.

## ARTICLE VIII

### GUARANTY

**Section 8.01. Guaranty** Subject to Section 8.09, each Grantor, including any Additional Grantor, that becomes a Grantor hereunder (in its capacity as guarantor under this Article VIII, a "**Guarantor Party**") hereby irrevocably and unconditionally guarantees (but only for so long as it is a Grantor hereunder), jointly with each other Guarantor Party and severally guarantees the punctual payment upon the expiration of any applicable remedial period, whether at scheduled maturity or by acceleration, demand or otherwise (including amounts that would become due but for the operation of the automatic stay under the Debtor Relief Laws), of all of the Guaranteed Obligations. Without limiting the generality of the foregoing, the liability of each Guarantor Party shall extend to all amounts that constitute part of the Guaranteed Obligations and would be owed by the Manager or the Grantors to any Secured Party under or in respect of this Agreement but for the fact that they are unenforceable or not allowable due to the

existence of a bankruptcy, reorganization, examination or similar proceeding involving such other Grantor

**Section 8.02. Contribution** Subject to Sections 8.03 and 8.09, each Guarantor Party hereby unconditionally agrees that in the event any payment shall be required to be made to any Secured Party under this Article VIII, such Guarantor Party in its capacity as such will contribute, to the maximum extent permitted by law, such amounts to each other Guarantor Party so as to maximize the aggregate amount paid to the Secured Parties under or in respect of this Agreement

**Section 8.03. Guaranty Absolute** Subject to Section 8.09, each Guarantor Party guarantees that the Guaranteed Obligations will be paid in accordance with its terms, regardless of any law, regulation or order now or hereafter in effect in any jurisdiction affecting any of such terms or the rights of any Secured Party with respect thereto. The Guaranteed Obligations of each Guarantor Party under or in respect of this Article VIII are independent of the Guaranteed Obligations or any other Secured Obligations of any other Grantor under or in respect of this Agreement, and a separate action or actions may be brought and prosecuted against each Guarantor Party to enforce this Article VIII, irrespective of whether any action is brought against any other Grantor or whether any other Grantor is joined in any such action or actions. The liability of each Guarantor Party under this Article VIII shall be irrevocable, absolute and unconditional, and each Guarantor Party hereby irrevocably waives any defenses (other than payment in full of the Guaranteed Obligations) it may now have or hereafter acquire in any way relating to, any or all of the following

(a) any lack of validity or enforceability of the Guaranteed Obligations or any agreement or instrument relating thereto,

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Guaranteed Obligations, or any other amendment or waiver of or any consent to departure from the NPA, the Notes or this Agreement, including, any increase in the Guaranteed Obligations resulting from the extension of additional credit to any Grantor or any of its Subsidiaries or otherwise,

(c) any taking, exchange, release or non-perfection of security interest in or Lien on any Collateral or any other collateral, or any taking, release or amendment or waiver of, or consent to departure from, any other guaranty, for all or any of the Guaranteed Obligations,

(d) any manner of application of Collateral or any other collateral, or proceeds thereof, to all or any of the Guaranteed Obligations, or any manner of sale or other disposition of any Collateral or any other collateral for all or any of the Guaranteed Obligations,

(e) any change, restructuring or termination of the corporate structure or existence of any Grantor or any of its Subsidiaries,

(f) any failure of any Secured Party to disclose to any Grantor any information relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor now or hereafter known to such Secured Party (each

Guarantor Party waiving any duty on the part of the Secured Parties to disclose such information),

(g) the failure of any other Person to execute or deliver any other guaranty or agreement or the release or reduction of liability of any other guarantor or surety with respect to the Guaranteed Obligations, or

(h) any other circumstance or any existence of or reliance on any representation by any Secured Party that might otherwise constitute a defense available to, or a discharge of, any Guarantor Party or any other guarantor or surety (including all common law defenses) other than satisfaction in full of the Guaranteed Obligations

This Article VIII shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Guaranteed Obligations is rescinded or must otherwise be returned by any Secured Party or any other Person, or in case of any unreleased Guaranteed Obligation, any Secured Party elects to do so on the reasonable advice of its counsel, each upon the insolvency, bankruptcy or reorganization of any Grantor, the Manager or otherwise, all as though such payment had not been made

In furtherance of the foregoing and without limiting the generality thereof, each Guarantor Party agrees as follows

(i) the obligation pursuant to this Article VIII is a guaranty of payment when due (whether or not any bankruptcy or similar proceeding shall have stayed the accrual of collection of any of the Secured Obligations or operated as a discharge thereof) and not of collectability, and is a primary obligation of each Guarantor Party and not merely a contract of surety, and each Guarantor Party and waives any right to require that any resort be had by the Security Trustee or any other Secured Party to any security held for the payment of the Obligations or to any balance of any deposit account or credit on the books of the Security Trustee or any other Secured Party in favor of the Issuers of any other Grantor,

(ii) the obligations of each Guarantor Party hereunder are independent of the obligations of the Issuers and the obligations of any other guarantor (including the Manager and any other Guarantor Party) of the obligations of the Issuers, and a separate action or actions may be brought and prosecuted against such Guarantor Party whether or not any action is brought against the Issuers or any of such other guarantors (including the Manager and any other Guarantor Party) and whether or not the Issuers are joined in any such action or actions,

(iii) payment by any Guarantor Party of a portion, but not all, of the Guaranteed Obligations shall in no way limit, affect, modify or abridge any Guarantor Party's liability for any portion of the Guaranteed Obligations which has not been paid Without limiting the generality of the foregoing, if the Security Trustee is awarded a judgment in any suit brought to enforce any Guarantor Party's covenant to pay a portion of the Guaranteed Obligations, such judgment shall not be deemed to release such Guarantor Party from its covenant to pay the portion of the Guaranteed Obligations that is not the subject of such suit, and such judgment shall not, except to the extent satisfied by such Guarantor Party, limit, affect,

modify or abridge any other Guarantor Party's liability hereunder in respect of the Guaranteed Obligations,

(iv) any Secured Party, upon such terms as it deems appropriate, without notice or demand (except to the extent expressly required under this Agreement or the terms of the Secured Debt) and without affecting the validity or enforceability hereof or giving rise to any reduction, limitation, impairment, discharge or termination of any Guarantor Party's liability hereunder, from time to time may (i) renew, extend, accelerate, increase the rate of interest on, or otherwise change the time, place, manner or terms of payment of the Guaranteed Obligations, (ii) settle, compromise, release or discharge, or accept or refuse any offer of performance with respect to, or substitutions for, the Guaranteed Obligations or any agreement relating thereto and/or subordinate the payment of the same to the payment of any other obligations, (iii) request and accept other guaranties of the Guaranteed Obligations and take and hold security for the payment hereof or the Guaranteed Obligations, (iv) release, surrender, exchange, substitute, compromise, settle, rescind, waive, alter, subordinate or modify, with or without consideration, any security for payment of the Guaranteed Obligations, any other guaranties of the Guaranteed Obligations, or any other obligation of any Person (including any other Guarantor Party) with respect to the Guaranteed Obligations, (v) enforce and apply any security now or hereafter held by or for the benefit of such Secured Party in respect hereof or the Guaranteed Obligations and direct the order or manner of sale thereof, or exercise any other right or remedy that such Secured Party may have against any such security, in each case as such Secured Party in its discretion may determine consistent herewith and any Security Document including foreclosure on any such security pursuant to one or more judicial or nonjudicial sales, whether or not every aspect of any such sale is commercially reasonable, and even though such action operates to impair or extinguish any right of reimbursement or subrogation or other right or remedy of any Guarantor Party against any other creditor or any security for the Guaranteed Obligations, and (vi) exercise any other rights available to it under this Agreement or the other Security Documents, and

(v) this Article VIII and the obligations of Guarantor Parties hereunder shall be valid and enforceable and shall not be subject to any reduction, limitation, impairment, discharge or termination for any reason (other than as provided in Section 8.09 or by payment in full of the Guaranteed Obligations), including the occurrence of any of the following, whether or not any Guarantor Party shall have had notice or knowledge of any of them (i) any failure or omission to assert or enforce or agreement or election not to assert or enforce, or the stay or enjoining, by order of court, by operation of law or otherwise, of the exercise or enforcement of, any claim or demand or any right, power or remedy (whether arising under this Agreement, at law, in equity or otherwise) with respect to the Guaranteed Obligations or any agreement relating thereto, or with respect to any other guaranty of or security for the payment of the Guaranteed Obligations, (ii) any rescission, waiver, amendment or modification of, or any consent to departure from, any of the terms or provisions (including provisions relating to events of default) hereof, any of the terms of the Secured Debt or this Agreement or any agreement or instrument executed pursuant thereto, or of any other guaranty or security for the Guaranteed Obligations, in each case whether or not in accordance with the terms hereof or the terms of the Secured Debt or any agreement relating to such other guaranty or security, (iii) the Guaranteed Obligations, or any agreement relating thereto, at any time being found to be illegal, invalid or unenforceable in any respect, (iv) the application of payments received from any source (other than payments

received pursuant to the terms of the Secured Debt or this Agreement or from the proceeds of any security for the Guaranteed Obligations, except to the extent such security also serves as collateral for indebtedness other than the Guaranteed Obligations) to the payment of indebtedness other than the Guaranteed Obligations, even though any Secured Party might have elected to apply such payment to any part or all of the Guaranteed Obligations, (v) any Secured Party's consent to the change, reorganization or termination of the corporate structure or existence of the Issuers and any of its Subsidiaries and to any corresponding restructuring of the Guaranteed Obligations, (vi) any failure to perfect or continue perfection of a security interest in any collateral which secures any of the Guaranteed Obligations, and (vii) any other act or thing or omission, or delay to do any other act or thing, which may or might in any manner or to any extent vary the risk of any Guarantor Party as an obligor in respect of the Guaranteed Obligations

#### **Section 8.04. Waiver and Acknowledgments**

(a) Except for notices provided for hereunder or under the terms of the Secured Debt, each Guarantor Party hereby waives promptness, diligence, notice of acceptance, presentment, demand for performance, notice of nonperformance, default, acceleration, protest or dishonor and any other notice with respect to any of the Guaranteed Obligations and this Article VIII and any requirement that any Secured Party protect, secure, perfect or insure any Lien or any property subject thereto or exhaust any right or take any action against any Grantor or any other Person or any Collateral

(b) Each Guarantor Party hereby unconditionally and irrevocably waives any right to revoke this Article VIII and acknowledges that this Article VIII is continuing in nature and applies to all of the Guaranteed Obligations, whether existing now or in the future

(c) Each Guarantor Party hereby unconditionally and irrevocably waives any defense (i) arising by reason of any claim or defense based upon an election of remedies by any Secured Party that in any manner impairs, reduces, releases or otherwise adversely affects the subrogation, reimbursement, exoneration, contribution or indemnification rights of such Guarantor Party or other rights of such Guarantor Party to proceed against any of the other Issuer Parties, any other guarantor or any other Person or any Collateral, (ii) any defense based on any right of set-off or counterclaim against or in respect of the Guaranteed Obligations of such Guarantor Party under this Article VIII, (iii) arising by reason of the incapacity, lack of authority or any disability or other defense of an Issuer or any other Guarantor Party including any defense based on or arising out of the lack of validity or the unenforceability of the Guaranteed Obligations or any agreement or instrument relating thereto or by reason of the cessation of the liability of the Issuers or any other Guarantor Party from any cause other than payment in full of the Guaranteed Obligations, (iv) based upon any Secured Party's errors or omissions in the administration of the Guaranteed Obligations, except behavior which amounts to bad faith, willful misconduct, breach of this Agreement or the terms of the Secured Debt or the applicable law, (v) based on any principles or provisions of law, statutory or otherwise, which are or might be in conflict with the terms hereof and any legal or equitable discharge of such Guarantor's obligations hereunder, (vi) promptness, diligence and any requirement that any Secured Party protect, secure, perfect or insure any security interest or lien or any property subject thereto, and

(vii) any defenses or benefits that may be derived from or afforded by law which limit the liability of or exonerate guarantors or sureties, or which may conflict with the terms hereof

(d) Each Guarantor Party hereby unconditionally and irrevocably waives any duty on the part of any Secured Party to disclose to such Guarantor Party any matter, fact or thing relating to the business, condition (financial or otherwise), operations, performance, properties or prospects of any other Grantor or any of its Subsidiaries now or hereafter known by such Secured Party

(e) Each Guarantor Party acknowledges that it will receive substantial direct and indirect benefits from the financing arrangements contemplated by this Agreement and that the waivers set forth in this Article VIII are knowingly made in contemplation of such benefits

#### **Section 8.05. Subrogation**

Each Guarantor Party hereby unconditionally and irrevocably agrees not to exercise any rights that it may now have or hereafter acquire against any other Grantor or any other insider guarantor that arise from the existence, payment, performance or enforcement of the Guaranteed Obligations, including, any right of subrogation, reimbursement, exoneration, contribution or indemnification and any right to participate in any claim or remedy of any Secured Party against any other Grantor or any other insider guarantor or any Collateral, whether or not such claim, remedy or right arises in equity or under contract, statute or common law, including the right to take or receive from any other Grantor or any other insider guarantor, directly or indirectly, in cash or other property or by set-off or in any other manner, payment or security on account of such claim, remedy or right, unless and until all of the Guaranteed Obligations and all other amounts payable under this Article VIII shall have been paid in full in cash. If any amount shall be paid to any Guarantor Party in violation of the immediately preceding sentence at any time prior to the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article VIII, such amount shall be received and held in trust for the benefit of the Secured Parties, shall be segregated from other property and funds of such Guarantor Party and shall forthwith be paid or delivered to the Security Trustee in the same form as so received (with any necessary endorsement or assignment) to be credited and applied to the Guaranteed Obligations and all other amounts payable by it under this Article VIII, whether matured or unmatured, in accordance with the terms of this Agreement, or to be held as Collateral for any of the Guaranteed Obligations or other amounts payable by it under this Article VIII thereafter arising. If all of the Guaranteed Obligations and all other amounts payable under this Article VIII shall have been paid in full in cash, the Secured Parties will, at any Guarantor Party's request and expense, execute and deliver to such Guarantor Party appropriate documents, without recourse and without representation or warranty, necessary to evidence the transfer by subrogation to such Guarantor Party of an interest in the Guaranteed Obligations resulting from such payment made by such Guarantor Party pursuant to this Article VIII

#### **Section 8.06. No Waiver; Remedies**

No failure on the part of the Security Trustee to exercise, and no delay in exercising, any right under this Agreement or any other Transaction Document shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further

exercise thereof or the exercise of any other right. The Security Trustee shall not be deemed to have waived any of its rights upon or under the Secured Obligations or the Collateral unless such waiver shall be in writing and signed by the Security Trustee. A waiver on any one occasion shall not be construed as a bar to or waiver of any right on any future occasion. The remedies herein provided are cumulative and not exclusive of any remedies provided by law, and may be exercised singularly, alternatively, successively or concurrently at such time or at such times as the Security Trustee deems expedient.

#### **Section 8.07. Continuing Guaranty**

This Article VIII is a continuing guaranty and shall remain in full force and effect until the payment in full in cash of the Guaranteed Obligations and all other amounts payable under this Article VIII, and (b) inure to the benefit of and be enforceable by the Security Trustee on behalf of the Secured Parties and its permitted successors, transferees and assigns. No Guarantor Party shall have the right to assign its rights hereunder or any interest herein without the prior written consent of the Security Trustee.

#### **Section 8.08. Subordination of Certain Intercompany Indebtedness**

Each Guarantor Party hereby agrees that any obligations owed by it to another Grantor shall be subordinated to the Guaranteed Obligations of such Guarantor Party and that any indebtedness owed to it by another Grantor shall be subordinated to the Guaranteed Obligations of such other Grantor, it being understood that such Guarantor Party or such other Grantor, as the case may be, may make payments on such intercompany indebtedness and dividends unless an Event of Default has occurred and is continuing.

#### **Section 8.09. Limit of Liability**

(a) Each Guarantor Party shall be liable only for Guaranteed Obligations aggregating up to the largest amount that would not render the Guaranteed Obligations hereunder subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provision of any other applicable law.

(b) In the event that the direct or indirect assets of any Grantor (other than the Issuers and any parent of the U.S. Issuer) are insufficient to pay in full all claims made by the Secured Parties in respect of Guaranteed Obligations of such Grantor, then the Secured Parties shall have no further claim against such Grantor with respect to the Guaranteed Obligations for amounts that exceed its direct or indirect assets at such time.

(c) Upon the release of all Collateral owned by a Grantor (other than the Issuers and any parent of the U.S. Issuer) hereunder, such Grantor shall be deemed released and discharged from all obligations under this Agreement or otherwise as a Grantor.

**Section 8.10. Information.** Each Guarantor Party (a) assumes all responsibility for being and keeping itself informed of the Manager's, the Issuers' and each other Grantor's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Secured Obligations and the nature, scope and extent of the risks that such Guarantor Party assumes and incurs hereunder and (b) agrees that none of the Security Trustee or

the other Secured Parties will have any duty to advise such Guarantor Party of information known to it or any of them regarding such circumstances or risks

## ARTICLE IX

### MISCELLANEOUS

**Section 9.01. Amendments; Waivers; Etc.** (a) No amendment or waiver of any provision of this Agreement shall in any event be effective unless the same shall be in writing and signed by the Security Trustee and each other applicable party hereto. No failure on the part of the Security Trustee to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right preclude any other or further exercise thereof or the exercise of any other right. The Security Trustee may, but shall have no obligation to, execute and deliver any amendment or modification which would affect its duties, powers, rights, immunities or indemnities hereunder.

(b) Upon the execution and delivery by any Person of a Grantor Supplement, (i) such Person shall be referred to as an "**Additional Grantor**" and shall be and become a Grantor hereunder, and each reference in this Agreement to "**Grantor**" shall also mean and be a reference to such Additional Grantor, (ii) Annexes I, II, III, IV, VI and VIII (if applicable) attached to each Grantor Supplement shall be incorporated into, become a part of and supplement and amend, as specified in such Grantor Supplement, Schedules I, II, III, VI and VIII (if applicable), respectively, and the Security Trustee may attach such Annexes as supplements to such Schedules, and each reference to such Schedules shall be a reference to such Schedules as so supplemented, (iii) such Additional Grantor shall be a Grantor for all purposes under this Agreement and shall be bound by the obligations of the Grantors hereunder and (iv) the Security Trustee shall execute and deliver such Grantor Supplement

(c) Upon the execution and delivery by a Grantor of a Collateral Supplement, (i) Annexes I, II, VI (if applicable), and VIII (if applicable) to each Collateral Supplement shall be incorporated into, become a part of and supplement and amend, as specified in such Collateral Supplement, Schedules I, II, VI (if applicable), and VIII (if applicable), respectively, and the Security Trustee may attach such Annexes as supplements to such Schedules, and each reference to such Schedules shall be a reference to such Schedules as so supplemented and amended and (ii) the Security Trustee shall execute and deliver such Collateral Supplement

(d) The Security Trustee shall, upon receipt of an Officers' Certificate and an Opinion of counsel, enter into an Intercreditor Agreement, and other related agreements (in form and substance reasonably satisfactory to the Security Trustee) in connection with Permitted Additional Debt permitted hereunder with the holders thereof or the Secured Debt Representative

(f) In order to comply with the Express Perfection Requirements with respect to the Collateral, a Grantor may be required to execute and deliver to the Security Trustee a Non-U S Security Document. To the maximum extent permitted by the applicable law, the Non-U S Security Document shall be interpreted in a manner that is consistent with the provisions of this Agreement and the other Security Documents and reconciles inconsistencies between them,

**provided however that** in the event of a direct irreconcilable conflict between the two agreements, this Agreement shall control

**Section 9.02. Addresses for Notices** All notices and other communications provided for hereunder shall be in writing (including telecopier and electronic mail) and telecopied, emailed or delivered to the intended recipient at its address specified, as follows

For the Manager, each Issuer and each Grantor

The Milestone Aviation Group Limited  
Units 23 & 24 Classon House  
Dundrum Business Park  
Dundrum Road, Dublin 14  
Ireland  
Attn William Kelly  
Facsimile + 353 1 296-5159  
Email [wkelly@milestoneaviation.com](mailto:wkelly@milestoneaviation.com)

For the Security Trustee

Wells Fargo Bank, N A  
MAC U1240-026  
260 North Charles Lindbergh Drive  
Salt Lake City, Utah 84116  
Attention Corporate Trust Services  
Fax +1 866-549-4890  
Email [CTSLeaseCompliance@wellsfargo.com](mailto:CTSLeaseCompliance@wellsfargo.com)

or, as to each party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 9.02. Each such notice shall be effective (a) on the date personally delivered to an authorized officer of the party to which sent, or (b) on the date transmitted by legible telecopier or electronic mail transmission with a confirmation of receipt (except that, if not given during normal business hours for the recipient, shall be deemed to have been given on the next Business Day for the recipient)

**Section 9.03. No Waiver; Remedies** No failure on the part of the Security Trustee to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law

**Section 9.04. Severability** If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired

**Section 9.05. Continuing Security Interest; Assignments** Subject to Section 9 06, this Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the earliest of (i) the redemption, pre-payment or payment in full in cash of the Secured Obligations then outstanding, (ii) defeasance (legal or covenant) of the Secured Obligations then outstanding or (iii) no Secured Obligations being outstanding, (b) be binding upon the Manager, each Grantor, its successors and assigns and (c) inure, together with the rights and remedies of the Security Trustee hereunder, to the benefit of and be binding upon the Secured Parties and their respective successors, permitted transferees and permitted assigns

**Section 9.06. Release and Termination** (a) Upon any sale, lease, transfer or other disposition or removal from the Designated Pool of any Pool Aircraft, any Engine or other item of Collateral in accordance with the terms of this Agreement (including the assets of and the Equity Interests in any Owner Trust or SPC and cash Collateral), such item of Collateral and all related Collateral will be deemed automatically, and without the need for further action by any Person, released from the Lien hereof, and the Security Trustee will, at the Issuers' expense, execute and deliver to the Issuers for the benefit of the other Grantors of such item of Collateral and all related Collateral, such documents as the relevant Issuer, the Manager or the applicable Grantor shall reasonably request and provide to the Security Trustee and take such other actions as such Issuer, the Manager or such Grantor may reasonably request, to evidence the release of such item of Collateral and all related Collateral from the assignment and security interest (including International Interests and Liens) granted or created hereby, and to the extent that (A) the Security Trustee's consent is required for any deregistration or discharge of the interests in such released Collateral from the International Registry or other registry or (B) the Security Trustee is required to initiate any such deregistration or discharge, the Security Trustee shall ensure that such consent or such initiation of such deregistration or discharge is effected, upon the relevant Issuer's, the Manager's or a Grantor's request therefor

(b) Upon the occurrence of an event described in clause (i), (ii) or (iii) of Section 9 05(a) above, the pledge, assignment and security interest granted by Section 2 01 hereof shall terminate and all provisions of this Agreement (except for Section 7 01, 7 02 or this Section 9 06(b)) relating to the Secured Obligations, the Lien hereof, the Secured Parties or the Security Trustee shall cease to be of any effect Upon any such termination, the Security Trustee will, at the Issuers' expense, execute and deliver to each relevant Grantor such documents as the relevant Issuer, the Manager or the applicable Grantor shall prepare and reasonably request and take such other actions as such Issuer, the Manager or such Grantor may reasonably request, to evidence such termination, and to the extent that (A) the Security Trustee's consent is required for any discharge of the interests in such released Collateral from the International Registry or other registry or (B) the Security Trustee is required to initiate any such discharge, the Security Trustee shall ensure that such consent or such initiation of such discharge is effected upon the relevant Issuer's or a Grantor's request therefor

(c) If, prior to the termination of this Agreement, the Security Trustee ceases to be the Security Trustee in accordance with the definition of "Security Trustee" in Section 1 01, all certificates, instruments or other documents being held by the Security Trustee at such time shall, within five (5) Business Days from the date on which it ceases to be the Security Trustee, be delivered to the successor Security Trustee

**Section 9.07. Currency Conversion** If any amount payable by the Issuers under this Agreement is received or recovered by the Security Trustee in a currency (the "**Received Currency**") other than the currency in which such amount was expressed to be payable under this Agreement (the "**Agreed Currency**"), then the amount in the Received Currency actually received or recovered by the Security Trustee, to the extent permitted by law, shall only constitute a discharge of the Issuers to the extent of the amount of the Agreed Currency which the Security Trustee was or would have been able in accordance with its or his normal procedures to purchase on the date of actual receipt or recovery (or, if that is not practicable, on the next date on which it is so practicable), and, if the amount of the Agreed Currency which the Security Trustee is or would have been so able to purchase is less than the amount of the Agreed Currency which was originally payable by the Issuers, the Issuers shall pay to the Security Trustee for the benefit of the Secured Parties such amount as it shall determine to be necessary to indemnify the Security Trustee and the Secured Parties against any loss sustained by it as a result (including the cost of making any such purchase and any premiums, commissions or other charges paid or incurred in connection therewith) and so that, to the extent permitted by law, (i) such indemnity shall constitute a separate and independent obligation of the Issuers distinct from their obligation to discharge the amount which was originally payable by the Issuers and (ii) shall give rise to a separate and independent cause of action and apply irrespective of any indulgence granted by the Security Trustee and continue in full force and effect notwithstanding any judgment, order, claim or proof for a liquidated amount in respect of the amount originally payable by the Issuers or any judgment or order and no proof or evidence of any actual loss shall be required

**Section 9.08. Governing Law** THIS AGREEMENT IS DELIVERED IN THE STATE OF NEW YORK THIS AGREEMENT AND ANY CLAIM, CONTROVERSY OR DISPUTE ARISING UNDER OR RELATED TO THIS AGREEMENT, AND ALL ISSUES CONCERNING THE RELATIONSHIP OF THE PARTIES HERETO AND THE ENFORCEMENT OF THE RIGHTS AND DUTIES OF THE PARTIES HERETO, WILL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK (WITHOUT REFERENCE TO CONFLICT OF LAWS PRINCIPLES (WITH THE EXCEPTION OF SECTIONS 5-1401 AND 5-1402 OF THE NEW YORK GENERAL OBLIGATIONS LAW))

**Section 9.09. Jurisdiction; Consent to Service of Process** To the extent permitted by applicable law, each party hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of any New York State court or federal court of the United States of America sitting in New York County, and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or the other Security Documents, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York State or, to the extent permitted by law, in such federal court Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law Nothing in this Agreement shall affect any right that any Secured Party may otherwise have to bring any action or proceeding relating to this Agreement or the other Security Documents against any Grantor or its properties in the courts of any jurisdiction

(a) Each party hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection that it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the other Security Documents in any New York State or federal court. Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(b) Each party to this Agreement irrevocably consents to service of process in the manner provided for notices in Section 9.02. Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

**Section 9.10. Counterparts.** This Agreement may be executed in counterparts (and by different parties hereto on different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement (i) will become effective when the Security Trustee and the Issuers shall have received counterparts hereof that, when taken together, bear the signatures of each of the parties hereto and (ii) thereafter will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns. Delivery of an executed counterpart of a signature page of this Agreement by telecopy or electronic mail will be effective as delivery of a manually executed counterpart of this Agreement.

**Section 9.11. Table of Contents, Headings, Etc.** The Table of Contents and headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms and provisions hereof.

**Section 9.12. Non-Invasive Provisions.** (a) Subject to the terms of this Agreement, the Security Trustee agrees that, so long as no Event of Default shall have occurred and be continuing, it will not take any action or cause to be taken any action, or permit any Person claiming by, through or on behalf of it to take any action or cause any action, that would interfere with the possession, use, operation and quiet enjoyment of and other rights with respect to any Pool Aircraft or Collateral related thereto and all rents, revenues, profits and income therefrom (other than to the extent required to be deposited into the Collections Account), including the right to enforce manufacturers' warranties, the right to apply or obtain insurance proceeds for damage to any Pool Aircraft or any part thereof to the repair or replacement of any Pool Aircraft or any part thereof or otherwise, the right to require the re-registration of any Pool Aircraft and the right to engage in pooling, leasing and similar actions.

(b) Notwithstanding any other provision of this Agreement, the Security Trustee agrees (i) so long as no "Event of Default" (or similar term) under and as defined in an Eligible Lease shall have occurred and be continuing and as otherwise provided in such Eligible Lease, not to take any action or cause to be taken any action, or permit any Person claiming by, through or on behalf of it to take any action or cause any action, that would interfere with the possession, use, operation and quiet enjoyment of the Pool Aircraft under the Eligible Lease to which such Eligible Lessee is a party or any other Collateral described in Sections 2.01(a) and (b) and (ii) to release any Lien the Security Trustee may have upon any Pool Aircraft, Engine or any part thereof upon the exercise by the applicable Eligible Lessee of

such Pool Aircraft, Engine or part thereof of any right to purchase or replace such Pool Aircraft, Engine or any part thereof or obtain or require the conveyance of title to such Pool Aircraft, Engine or any part thereof, in each case as contemplated by Sections 2.19 and 9.12(e) hereof or in accordance with the terms of such Eligible Lease or sublease or a Permitted Lien referred to in clause (o) of the definition of Permitted Liens

(c) In the event any Engine is damaged and is being repaired, or is being inspected or overhauled, a Grantor, at its option, may temporarily substitute another engine of the same make and model as the Engine being repaired or overhauled (any such substitute engine being hereinafter referred to as a "**Loaner Engine**") during the period of such repair or overhaul, so long as (i) installation of the Loaner Engine is performed by a maintenance facility certified by the Aviation Authority with respect to the work of such type, (ii) the Loaner Engine is removed, and the repaired or overhauled original Engine is reinstalled or is replaced by a replacement engine, and (iii) the Loaner Engine is free and clear of any Lien that might impair the Security Trustee's rights or interests in the Pool Aircraft (other than such Loaner Engine), other than Permitted Liens

(d) The Security Trustee authorizes the applicable Grantor to enter into or to subject any Pool Aircraft and/or Engine to a PBH with a recognized and reputable PBH provider and to take such actions thereunder as may be required to give effect to the transactions contemplated thereby, including, without limitation, arranging for the service, repair, overhaul, exchange, storage, shipping or other transportation, installation, removal and replacement of any Engine or Parts covered by such PBH, in each case, in accordance with the Leasing Company Practice

(e) The Security Trustee agrees that any security interest (including International Interests) and Lien the Security Trustee may have upon any Engine, shall be deemed automatically and without further act to be released, upon (i) compliance with the relevant conditions set forth in the applicable Eligible Lease relating to such Engine for providing a replacement engine, title to which is held by a Grantor (the applicable Grantor or the Manager shall provide to Security Trustee a copy of the bill of sale or other instrument evidencing the transfer of title of a replacement Engine to such Grantor as promptly as practicable, after receipt thereof from the applicable seller and the Manager shall provide a replacement Schedule I to this Agreement, which shall be deemed automatically and without further act to have replaced the Schedule I attached hereto prior to such replacement) or (ii) the total loss payment being received (or Additional Pool Aircraft being provided) in a case where the Airframe, but not such Engine, was the subject of an Event of Loss, **provided that** for the avoidance of doubt, the foregoing automatic release of Lien shall not be applicable in case of an Engine that is not replaced by a Grantor or a Lessee or other Person, unless such Engine is associated with an aircraft that was subject to an Event of Loss or otherwise removed from the Designated Pool. The Security Trustee shall, at the Issuers' expense and at the request of the relevant Issuer, the Manager or the relevant Grantor, execute and deliver such documents or instruments and take such action as the relevant Issuer, the Manager or the relevant Grantor shall reasonably request, to evidence the release of the applicable Engine from the security interest (including International Interest) and Lien of the Security Trustee

(f) The Security Trustee, on behalf of each Secured Party, agrees that it will not claim, and upon the request of the relevant Issuer, the Manager or the applicable Grantor, the Security Trustee will confirm in writing that it does not claim, any right, title or interest in any engine or part (including any audio, visual, telephonic, seating, entertainment or similar equipment) that is installed on a Pool Aircraft which does not constitute an "engine" or "part" under the applicable Eligible Lease to which title is vested in a party other than a Grantor pursuant to the terms of the applicable Eligible Lease

(g) For the avoidance of doubt, the Security Trustee agrees that the relevant Issuer or any Grantor may from time to time lease out an engine that is part of a Pool Aircraft or lease in an engine that is not part of a Pool Aircraft as it determines in accordance with Leasing Company Practice

(h) So long as an Event of Default has not occurred and is not continuing, the Security Trustee shall, from time to time upon the request of the relevant Issuer, the Manager or the applicable Grantor, provide a quiet enjoyment letter or agreement (in the substance of Section 9.12 or as otherwise agreed with the relevant Issuer, the Manager or the applicable Grantor or in the form provided for in the applicable Eligible Lease) relating to each Eligible Lease and/or, if applicable, sublease of each Aircraft that will be a Pool Aircraft

#### **Section 9.13. Limited Recourse**

(a) In the event that the direct or indirect assets of the Grantors (other than the Issuers) are insufficient, after payment of all other claims, if any, ranking in priority to the claims of the Security Trustee or any Secured Party hereunder, to pay in full such claims of the Security Trustee or such Secured Party (as the case may be), then the Security Trustee or the Secured Party shall have no further claim against the Grantors (other than the Issuers) in respect of any such unpaid amounts

(b) To the extent permitted by applicable law, no recourse under any obligation, covenant or agreement of any party contained in this Agreement shall be had against any shareholder (not including any shareholder of any other Grantor hereunder), officer or director of the relevant party as such, by the enforcement of any assessment or by any proceeding, by virtue of any statute or otherwise, it being expressly agreed and understood that this Agreement is a corporate obligation of the relevant party and no personal liability shall attach to or be incurred by the shareholders (not including any shareholder of any other Grantor hereunder), officers or directors of the relevant party as such, or any of them under or by reason of any of the obligations, covenants or agreements of such relevant party contained in this Agreement, or implied therefrom, and that any and all personal liability for breaches by such party of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder (not including any shareholder of any other Grantor hereunder), officer or director is hereby expressly waived by the other parties as a condition of and consideration for the execution of this Agreement

(c) Each Grantor that is a bank or trust company that executes this Agreement or any related document as an owner trustee is doing so solely in its capacity as Owner Trustee under the relevant trust agreement and not in its individual capacity, and in no case shall it (or

any entity acting as successor Owner Trustee under the relevant trust agreement) be personally liable for or on account of any of the statements, representations, warranties, covenants or obligations stated to be those of such Grantor, all such liability being hereby waived, **provided however that** it (or any successor Owner Trustee) shall be personally liable for its own gross negligence, its own simple negligence in the handling of funds actually received by it in accordance with the terms of this Agreement, its fraud or willful misconduct, and **provided further that** nothing contained in this Section shall be construed to limit the exercise and enforcement in accordance with the terms of this Agreement or any related document of rights and remedies against the relevant trust estate

**Section 9.14. Application of the Land and Conveyancing Law Reform Act 2009 (the "Irish Act")**

(a) In the event that (i) the laws of Ireland apply to (A) the Collateral or (B) the security created by this Agreement, or (ii) in the event of the appointment in Ireland of a receiver, liquidator, examiner or similar officer to Wilmington or over any or all of its assets, the provisions of Chapter 2 (Powers and rights of mortgagor) and Chapter 3 (Obligations, powers and rights of mortgagee) of Part 10 (Mortgages) of the Irish Act, save as specified in Clauses 7 14 (b), (c), (d) and (e) below, shall apply to this Agreement notwithstanding anything to the contrary contained in this Agreement

(b) The provisions of sections 96(1)(c) (Powers and rights of mortgagee exercisable), 97 (Taking possession), 99(1) (Exercise of powers by mortgagee in possession), 100 (1) to (4) (Power of sale), 101 (Applications to court), 103(2) (Obligations on selling), 106(3) (Application of mortgagee's receipts), 107 (Application of proceeds of sale), 108(7) (Remuneration of receiver), 109 (Application of money received by a receiver) and 110(2) (Insurances) of the Irish Act shall not apply to this Agreement

(c) The restrictions and any requirements to give notice to Wilmington contained in section 108(1) (*Appointment of Receiver*) of the Irish Act shall not apply to this Agreement

(d) Notwithstanding anything to the contrary contained in the Irish Act, the Security Trustee reserves the right to consolidate mortgage securities without restriction

(e) Wilmington shall not be entitled to take any action in respect of the Collateral pursuant to section 94 (*Court order for sale*) of the Irish Act

*[The Remainder of this Page is Intentionally Left Blank]*

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by its representative or officer thereunto duly authorized as of the date first above written

MILESTONE AVIATION HOLDCO NO 8 LLC

By \_\_\_\_\_

Name

Title

**Robert Thor Dranitzke**  
Manager

THE MILESTONE AVIATION ASSET  
HOLDING GROUP NO 8 LTD

By \_\_\_\_\_

Name

Title

**Robert Thor Dranitzke**  
Director

THE MILESTONE AVIATION GROUP LIMITED

By \_\_\_\_\_

Name

Title

**Robert Thor Dranitzke**  
Managing Director

WELLS FARGO BANK NORTHWEST,  
NATIONAL ASSOCIATION, not in its individual  
capacity but solely as owner trustee under each  
relevant Trust Agreement

By \_\_\_\_\_

Name

Title

Signed and Delivered as a Deed

By \_\_\_\_\_

as attorney for

[Security Agreement]

WILMINGTON TRUST SP SERVICES (DUBLIN)  
LIMITED, not in its individual capacity but solely  
as initial trustee, under each relevant Declaration of  
Trust

Signature of witness

\_\_\_\_\_

Name of witness:

\_\_\_\_\_

Address of witness

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, not in its individual capacity but  
solely as the Security Trustee

By:

Name

Title.

David Wa  
Vice President

[Security Agreement]

SCHEDULE I  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

AIRCRAFT OBJECTS

	<b>Grantor (Owner Trust or SPC)</b>	<b>Airframe Manufacturer</b>	<b>Airframe Model</b>	<b>Airframe MSN</b>	<b>Engine Manufacturer and Model</b>	<b>Engine Serial Numbers</b>
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SCHEDULE II  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT  
PLEDGED BENEFICIAL INTERESTS

Grantor	Issuer	Certificate No	Percentage of Beneficial Interest
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PLEDGED STOCK

Grantor	Issuer	Par Value	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares
Milestone Aviation Holdco No 8 LLC	The Milestone Aviation Asset Holding Group No 8 Ltd	US\$1 00	N/A	100	100%

PLEDGED MEMBERSHIP INTERESTS

Grantor/Manager	Issuer	Percentage of Membership Interest
The Milestone Aviation Group Limited	Milestone Aviation Holdco No 8 LLC	100%

SCHEDULE III  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

TRADE NAMES

- 1      Grantor   The Milestone Aviation Group Limited  
Trade Names:   The Milestone Aviation Group Limited, Milestone Aviation, Milestone Aviation Group
- 2      Grantor   Milestone Aviation Holdco No 8 LLC  
Trade Name:   Milestone Aviation Holdco No 8 LLC
- 3      Grantor   The Milestone Aviation Asset Holding Group No 8 Ltd  
Trade Name   The Milestone Aviation Asset Holding Group No 8 Ltd

**SCHEDULE IV  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT**

Name of Grantor/Manager	Type of Organization/Jurisdiction of Organization	"location" (for purposes of Section 9-307 of the UCC)	Places of business	Chief Executive Office	Mailing Address	Org ID (if required on Financing Statement / Ireland ID #
The Milestone Aviation Group Limited	Bermuda Exempted Company, Bermuda	Washington D C	Units 23 & 24 Classon House, Dundrum Business Park Dundrum Road, Dublin 14 Ireland	Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	The Milestone Aviation Group Limited, Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	N/A
Milestone Aviation Holdco No 8 LLC	Delaware LLC, Delaware	Delaware	Units 23 & 24 Classon House Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	The Milestone Aviation Group Limited, Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	N/A
The Milestone Aviation Asset Holding Group No 8 Ltd	Bermuda Exempted Company, Bermuda	Washington D C	Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	The Milestone Aviation Group Limited, Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14 Ireland	N/A

SCHEDULE V  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT  
INSURANCE

1 **Obligation to Insure**

Subject to the other paragraphs of this Schedule V, so long as this Agreement shall remain in effect, each Grantor will ensure with respect to each Pool Aircraft Owned or leased by it that there is effected and maintained appropriate insurances in respect of each Pool Aircraft and the Security Trustee and its operation including insurance for

(a) loss or damage to each Pool Aircraft and each Part thereof, and

(b) any liability for injury to or death of persons and damage to or the destruction of public or private property arising out of or in connection with the operation, storage, maintenance or use of (in each case to the extent available) the Pool Aircraft and of any other part thereof not belonging to the Grantors but from time to time installed on the airframe of such Pool Aircraft,

**provided that**, notwithstanding anything herein to the contrary, when an Eligible Lease is in effect, the insurance provisions of such Eligible Lease shall be applicable in respect of the relevant Aircraft, **provided further that** until such time as the applicable Pool Aircraft is removed from the Designated Pool in accordance with the terms hereof, the hull insurance procured by a Lessee shall be endorsed to name the Security Trustee as loss payee and additional insured

2 **Specific Insurances**

Each Grantor will maintain or will cause to be maintained the following specific Insurances with respect to each Pool Aircraft Owned or leased by it (subject to the other paragraphs of this Schedule V)

(a) **All Risks Hull Insurance** - All risks hull insurance policy on the Pool Aircraft in an amount at least equal to 110% of the Borrowing Base Allocation of such Pool Aircraft (the "**Required Insured Value**") on an agreed value basis and naming the Security Trustee as a loss payee for the Required Insured Value (**provided however that**, if the applicable Lessee's insurance program uses AVN67B or a successor London market endorsement similar thereto, the Grantor shall use reasonable commercial efforts to procure that the Security Trustee is also named as a "Contract Party" and shall ensure that the Security Trustee is also named as a "Contract Party" in respect of any new Eligible Lease entered into);

(b) **Hull War Risk Insurance** - Hull war risk and allied perils insurance, including hijacking (excluding, however, confiscation by government of registry or country of domicile to the extent coverage of such risk is not generally available to the applicable Lessee in the relevant insurance market at a commercially reasonable cost or is not customarily obtained by operators in such jurisdiction at such time or is not

customarily obtained in accordance with Leasing Company Practice) on the Pool Aircraft where the custom in the industry is to carry war risk for aircraft operating on routes or kept in locations similar to the Pool Aircraft in an amount not less than the Required Insured Value on an agreed value basis and naming the Security Trustee as a loss payee for the Required Insured Value (**provided however** that, if the applicable Lessee's insurance program uses AVN67B or a successor London market endorsement similar thereto, the Grantor shall use reasonable commercial efforts to procure that the Security Trustee is also named as a "Contract Party" and shall ensure that the Security Trustee is also named as a "Contract Party" in respect of any new Eligible Lease entered into)

(c) **Legal Liability Insurance** - Third party legal liability insurance (including war and allied perils) for a combined single limit (bodily injured and property damage) of not less than \$50,000,000 00, for each single occurrence and personal injury liability in an amount not less than \$25,000,000 00 The Security Trustee shall be named as an additional insured on such types of policies and in respect of any new Eligible Lease

(d) **Aircraft Spares Insurance** - Insurance for the engines and the parts while not installed on the airframe for their replacement cost or an agreed value basis

Proceeds of insurance paid to the Security Trustee shall be disbursed to the Manager unless an Event of Default has occurred and is continuing in which case such proceeds will be held in the Cash Collateral Account until applied as provided herein, **provided however** that if pursuant to an Eligible Lease, such insurance proceeds are payable to a Lessee, such insurance proceeds in all circumstances shall be paid to such Lessee in accordance with the terms of such Eligible Lease

### 3 **Variations on Specific Insurance Requirements**

In certain circumstances where it is customary and in accordance with the Leasing Company Practice that not all of the insurances described in paragraph 2 be carried for the Pool Aircraft, for example, when an Aircraft is not on lease to an operator or is in storage or is being repaired or maintained, the Manager may permit customary ferry or ground liability insurance rather than flight coverage insurance for the Aircraft provided that such insurance shall be in amount not less than the Required Insured Value and naming the Security Trustee as loss payee for the Required Insured Value Similarly, in connection with a Pool Aircraft that is subject to an Eligible Lease, indemnities or insurance may be provided by a Governmental Authority in lieu of particular insurances where such indemnities or other insurance are reasonably expected to provide the coverage and to provide payment in all material respects similar to the relevant non-Governmental Authority, including within the same timeframe and in the same amounts as the non-Governmental Authority insurers, **provided however** that the Grantor shall not, without the prior written consent of the Security Trustee, be entitled to accept any new such governmental indemnities or insurance other than when such indemnities or insurance are granted by a Governmental Authority of a country or jurisdiction that is not a country prohibited by Requirements of Law applicable to the Security Trustee The Manager, on behalf of the relevant Grantor, will determine the necessary coverage for the

Aircraft in such situations consistent with Leasing Company Practice with respect to similar aircraft

**4 Hull Insurances in Excess of Required Insurance Value**

For the avoidance of doubt, any Grantor and/or any Lessee may carry hull risks and hull war and allied perils insurance on the Pool Aircraft in excess of the Required Insured Value which will not be payable to the Security Trustee. Such excess insurances will be payable (i) if payable to the Grantors, to the relevant Grantor or (ii) if payable to the Lessee, to the Lessee.

**5 Currency**

All insurance and reinsurances effected pursuant to this Schedule V shall be payable in Dollars, save that in the case of the insurances referred to in paragraph 2(c) where carried by any Lessee (if such denomination is (a) required by the law of the state of registration of the Pool Aircraft, or (b) the normal practice of operators in the relevant country that operate aircraft leased from lessors located outside such country, or (c) otherwise accepted in accordance with the Leasing Company Practice).

**6 Specific Terms of Insurances**

Insurance policies which are underwritten in the London and/or other non-U S insurance market and which pertain to financed or leased aircraft equipment shall contain the coverage and endorsements described in AVN67B as it may be amended or revised or its equivalent. Each of the Grantors agrees with respect to any Pool Aircraft Owned by such Grantor that, so long as this Agreement shall remain in effect, the Pool Aircraft will be insured and the applicable insurance policies endorsed either (i) in a manner consistent with AVN67B or a successor London market endorsement, as it may be amended or revised or its equivalent or (ii) as may then be customary in the industry for aircraft of the same type as the Pool Aircraft utilized by operators in the same country and whose operational network for such Pool Aircraft is similar and at the time commonly available in the insurance market. Subject to the terms of this Schedule V, in all cases, the Manager on behalf of the relevant Grantor will set the standards, review and manage the insurances on the Pool Aircraft consistent with Leasing Company Practice with respect to similar aircraft. If the All Risk Hull Insurance and Hull War Risk Insurance shall be provided by separate insurers, then those insurers shall agree to include a 50/50 clause as further detailed per London form AVS103A.

**7 Insurance Brokers and Insurers**

In reviewing and accepting the insurance brokers (if any) and reinsurance brokers (if any) and insurers and reinsurers (if any) providing coverage with respect to the Pool Aircraft, the relevant Grantor will utilize standards consistent with Leasing Company Practice with respect to similar aircraft. It is recognized that operators in certain countries are required to utilize brokers (and sometimes even no brokers) or carry insurance with local insurance brokers and insurers. If at any time any Aircraft is not subject to an Eligible Lease or the relevant Eligible Lessee is not complying with its insurance obligations

under the Eligible Lease, the relevant Grantor will cause its insurance brokers to provide the Security Trustee with evidence that the insurances described in this Schedule V are in full force and effect. If any time a Pool Aircraft is not subject to an Eligible Lease, the relevant Grantor shall cause to be maintained the Insurances required hereunder but it may have deductibles consistent with Leasing Company Practice for other off-lease aircraft.

#### **8 Deductible Amounts, Self-Insurance and Reinsurance**

In connection with a Pool Aircraft at any time an Eligible Lease is in effect and with respect to the type of aircraft concerned, the nationality and creditworthiness of the operator, the operator's use and operation thereof and to the scope of and the amount covered by the insurances carried by the Lessee, the relevant Grantor will apply standards consistent with Leasing Company Practice with respect to similar aircraft and similarly situated operators in reviewing and accepting the amount of any insurance deductibles, whether the Lessee may self-insure any of the risks covered by the insurances and the scope and terms of reinsurance, if any, including a cut-through and assignment clause.

#### **9 Renewals**

Each of the Grantors agrees with respect to any Pool Aircraft Owned by such Grantor that such Grantor will ensure the Insurances on the applicable Pool Aircraft and their expiration dates are monitored. The relevant Grantor shall, when requested by the Security Trustee, promptly inform the Security Trustee as to whether or not it has been advised that renewal instructions for any of the insurances have been given by the operator or its broker prior to or on the scheduled expiry date of the relevant insurance. The relevant Grantor shall promptly notify the Security Trustee in writing if it receives notice that any of the insurances have in fact expired without renewal and provide evidence that such Grantor or the Manager has satisfied the obligations set forth in herein to provide insurance in respect of such Aircraft. Promptly after receipt, the relevant Grantor will provide to the Security Trustee evidence of renewal of the insurances and reinsurance (if any).

#### **10 Information**

Subject to applicable confidentiality restrictions, each of the Grantors shall provide the Security Trustee or shall ensure that the Security Trustee is provided with any information reasonably requested by it from time to time concerning the insurances maintained with respect to the Aircraft or, if reasonably available to the Grantors, in connection with any claim being made or proposed to be made thereunder.

SCHEDULE VI  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

TRUST DESCRIPTION

Aircraft Make/Model	MSN	Registration Mark/ Jurisdiction of Registration	Engine Make/Model	ESNs	Trust Type	Trustee	Trust Agreement

**SCHEDULE VII**  
**AIRCRAFT MORTGAGE AND SECURITY AGREEMENT**  
**CONDITIONS IN RESPECT OF POOL AIRCRAFT**

**1 Pool Aircraft Conditions:** An Aircraft shall not constitute "Pool Aircraft" until the following conditions shall be satisfied

- (a) such Aircraft shall be owned by an Eligible Entity,
- (b) the relevant Issuer, the Manager or the applicable Grantor shall have provided to the Security Trustee an Appraisal of such Aircraft from a Qualified Appraiser, as of a date no earlier than 185 days before the date of the related Grant,
- (c) if applicable, each direct or indirect Subsidiary of the U S Issuer that Owns Equity Interests of the applicable Equity Party that Owns or leases such Aircraft shall have effected a Grant of all such Equity Interests Owned by such Subsidiary and complied with the applicable Express Perfection Requirements related thereto,
- (d) the Eligible Entity that Owns such Aircraft and each Intermediate Subsidiary that leases such Aircraft shall have executed and delivered to the Security Trustee a Collateral Supplement or a Grantor Supplement, as applicable,
- (e) each such Grantor shall have complied with all applicable Express Perfection Requirements and delivered all required Opinion(s), with respect to such compliance and provided the documents specified in paragraph 2 below, to the extent applicable,
- (f) no Event of Default shall result from or remain in existence after the related Grant, and
- (g) on and after the six-month anniversary of the Effective Date, the Pool Specifications are met

**2 Aircraft Documentation:** With respect to each Pool Aircraft, true and complete copies of the following documents shall have been delivered to the Security Trustee

- (a) the Aircraft Documents,
- (b) except as otherwise permitted by Section 2 17(b), the certificate of registration of the Pool Aircraft issued by the relevant Aviation Authority or evidence that the Pool Aircraft is in the process of being registered in the name of the relevant Grantor or the applicable Lessee, in each case as permitted under the applicable registry,
- (c) the certificates regarding the Insurances and the related broker's undertakings (if any) in respect of such Pool Aircraft conforming to the insurance requirements of Section 2 18 and Schedule V of this Agreement;

(d) if applicable, the relevant Lessee's air operators certificate issued by the relevant Aviation Authority with respect to aircraft of the same type as the Pool Aircraft,

(e) the certificate of airworthiness in respect of the Pool Aircraft issued by the relevant Aviation Authority,

(f) the Bill of Sale issued in respect of such Pool Aircraft, and

(g) if applicable, copies of the relevant IDERA and/or Deregistration Power of Attorney in favor of the applicable Grantor

**SCHEDULE VIII  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT  
ASSIGNED LEASES**

EXHIBIT A-1  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

**FORM OF COLLATERAL SUPPLEMENT**

Wells Fargo Bank, N A , as the Security Trustee  
MAC U1240-026  
260 North Charles Lindbergh Drive  
Salt Lake City, Utah 84116  
Attention Corporate Trust Services  
Fax +1 866-549-4890  
Email CTSLeaseCompliance@wellsfargo.com

[Date]

Re Aircraft Mortgage and Security Agreement and Guaranty, dated as of [ ], 2013

Ladies and Gentlemen

Reference is made to the Aircraft Mortgage and Security Agreement and Guaranty, dated as of [ ], 2013 (the "**Aircraft Mortgage and Security Agreement**"), among **MILESTONE AVIATION HOLDCO NO. 8 LLC**, a Delaware limited liability company, having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland ("**U.S. Issuer**"), **THE MILESTONE AVIATION ASSET HOLDING GROUP NO. 8 LTD.**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Bermuda Issuer**" and, together with the U S Issuer, the "**Issuers**" and each, an "**Issuer**"), **THE MILESTONE AVIATION GROUP LIMITED**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Manager**"), the other **ADDITIONAL GRANTORS** who from time to time become grantors thereunder, including **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity but solely as owner trustee in respect of certain trusts and Aircraft listed on Schedule VI to the Aircraft Mortgage and Security Agreement ("**WFBN**"), and **WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED**, not in its individual capacity but solely as initial trustee in respect of certain trusts and Aircraft listed on Schedule VI to the Aircraft Mortgage and Security Agreement ("**Wilmington**", together with WFBN, the "**Initial Owner Trustees**" and together with any successors, replacements or additional owner trustees who from time to time become party thereto, the "**Owner Trustees**") (such Additional Grantors together with the Issuers, the "**Grantors**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("**Wells Fargo**"), as the security trustee (in such capacity, and together with any permitted successor or assign thereto or any permitted replacement thereof, the "**Security Trustee**") All terms used herein but not defined shall have the meaning given to such terms in the Aircraft Mortgage and Security Agreement

[The undersigned Grantor hereby delivers, as of the date first above written, the attached Annex I [and Annex II] pursuant to Section 2.16 of the Aircraft Mortgage and Security

Agreement, and an Opinion of counsel in the form required by the Aircraft Mortgage and Security Agreement ]

[The undersigned Grantor hereby delivers, as of the date first above written, the attached Annex III pursuant to Section 2.16 of the Aircraft Mortgage and Security Agreement, [the officer's certificate of the Manager in accordance with Section 2.09(d)] and an Opinion of counsel in the form required by the Aircraft Mortgage and Security Agreement ]

The undersigned Grantor hereby confirms that the property described in the attached Annex [I [II] and/or II] (other than Excluded Property) (the "**Supplementary Collateral**") constitutes part of the Collateral and all action constituting Express Perfection Requirements with respect to the Supplementary Collateral required under the Aircraft Mortgage and Security Agreement to be taken by the undersigned Grantor prior to the execution and delivery hereof have been taken, including causing any Supplementary Collateral that constitutes Pledged Beneficial Interests in an Eligible Entity to execute a Grantor Supplement and comply with all Express Perfection Requirements. The undersigned Grantor hereby makes each representation and warranty set forth in Section 2.04 of the Aircraft Mortgage and Security Agreement (as supplemented and amended by the attached Annex [ ])

Schedule [ ] of the Aircraft Mortgage and Security Agreement is duly amended and supplemented as set forth in the attached Annex [ ]

This Collateral Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance

Very truly yours,

[ ]

By \_\_\_\_\_  
Name  
Title

Acknowledged and agreed to as of the date first above written

**WELLS FARGO BANK, N.A.,**  
not in its individual capacity, but  
solely as the Security Trustee

By \_\_\_\_\_  
Name  
Title

ANNEX I  
COLLATERAL SUPPLEMENT  
AIRCRAFT OBJECTS

Grantor	Airframe MSN	Airframe Manufacturer and Model	Engine MSNs	Engine Manufacturer and Model
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**ANNEX II  
COLLATERAL SUPPLEMENT  
ASSIGNED LEASES**

ANNEX III  
COLLATERAL SUPPLEMENT  
PLEDGED BENEFICIAL INTERESTS

<u>Grantor</u>	<u>Issuer</u>	<u>Certificate No</u>	<u>Percentage of Beneficial Interest</u>
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PLEDGED STOCK

<u>Grantor</u>	<u>Issuer</u>	<u>Par Value</u>	<u>Certificate No(s)</u>	<u>Number of Shares</u>	<u>Percentage of Outstanding Shares</u>
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PLEDGED MEMBERSHIP INTERESTS

<u>Grantor</u>	<u>Issuer</u>	<u>Percentage of Membership Interest</u>
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EXHIBIT A-2  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT  
FORM OF GRANTOR SUPPLEMENT

WELLS FARGO BANK, N A , as the Security Trustee  
MAC U1240-026  
260 North Charles Lindbergh Drive  
Salt Lake City, Utah 84116  
Attention Corporate Trust Services  
Fax +1 866-549-4890  
Email CTSLeaseCompliance@wellsfargo.com

[Date]

Re Aircraft Mortgage and Security Agreement and Guaranty, dated as of [ ], 2013

Ladies and Gentlemen

Reference is made to the Aircraft Mortgage and Security Agreement and Guaranty, dated as of [ ], 2013 (the "**Aircraft Mortgage and Security Agreement**"), among **MILESTONE AVIATION HOLDCO NO. 8 LLC**, a Delaware limited liability company, having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland ("**U.S. Issuer**"), **THE MILESTONE AVIATION ASSET HOLDING GROUP NO. 8 LTD.**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Bermuda Issuer**" and, together with the U S Issuer, the "**Issuers**" and each, an "**Issuer**"), **THE MILESTONE AVIATION GROUP LIMITED**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Manager**"), the other **ADDITIONAL GRANTORS** who from time to time become grantors thereunder, [including **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity but solely as owner trustee in respect of certain trusts and Aircraft listed on Schedule VI to the Aircraft Mortgage and Security Agreement ("**WFBN**"), and **WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED**, not in its individual capacity but solely as initial trustee in respect of certain trusts and Aircraft listed on Schedule VI to the Aircraft Mortgage and Security Agreement ("**Wilmington**", together with WFBN, the "**Initial Owner Trustees**" and together with any successors, replacements or additional owner trustees who from time to time become party thereto, the "**Owner Trustees**")]] (such Additional Grantors together with the Issuers, the "**Grantors**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association ("**Wells Fargo**"), as the security trustee (in such capacity, and together with any permitted successor or assign thereto or any permitted replacement thereof, the "**Security Trustee**")

The undersigned hereby agrees, as of the date first above written, to become a Grantor under the Aircraft Mortgage and Security Agreement as if it were an original party thereto and agrees that, except as otherwise provided or the context otherwise requires, each reference in the

Aircraft Mortgage and Security Agreement to "Grantor" shall also mean and be a reference to the undersigned

**Grant of Security Interest.** To secure the Secured Obligations, the undersigned Grantor hereby assigns and pledges to the Security Trustee for its benefit and the benefit of the other Secured Parties and hereby grants to the Security Trustee for its benefit and the benefit of the other Secured Parties a first priority security interest in, all of its right, title and interest in and to the following (collectively, exclusive of any Excluded Property, the "**Supplementary Collateral**")

(a) all of such Grantor's right, title and interest in and to (i) each Pool Aircraft described on Annex I hereto, including the Airframe and Engines as the same is now and will hereafter be constituted, and in the case of such Engines, unless otherwise provided herein, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, including all the Aircraft Objects described on Annex I hereto, together with (ii) all Parts of whatever nature, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines and all Parts which are from time to time included within the definitions of "Airframe" or "Engines" (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts), (iii) all Manuals and Technical Records and (iv) all Related Assets,

(b) with respect to each Pool Aircraft, any Eligible Lease and any Intermediate Lease to which such Grantor is or may from time to time be party and any leasing arrangements with respect to such Aircraft between Grantors with respect to such Aircraft, (all such Eligible Leases and Intermediate Leases, collectively, the "**Assigned Leases**"), including, without limitation, (i) all rights of such Grantor to receive Scheduled Payments and moneys due and to become due under or pursuant to such Assigned Leases, (ii) all rights of such Grantor to receive proceeds of any Insurances, indemnity, warranty or guaranty with respect to such Assigned Leases, (iii) claims of such Grantor for damages arising out of or for breach or default under such Assigned Leases, (iv) all rights of such Grantor under any such Assigned Lease with respect to any subleases of the Aircraft subject to such Assigned Lease, (v) the right of such Grantor to terminate such Assigned Leases and to compel performance of, and otherwise to exercise all remedies under, any Assigned Lease, whether arising under such Assigned Leases or by statute or at law or in equity and (vi) all rights of such Grantor under any assignment of any sublease entered into by the relevant Lessee in respect of such Pool Aircraft,

(c) all of such Grantor's rights to receive proceeds of any insurance with respect to the applicable Lease up to the amount of hull insurance in respect of the Pool Aircraft required to be carried under the Aircraft Mortgage and Security Agreement or where a Lease is not then in effect, all rights of such Grantor to receive any money or non-money proceeds of (x) an Airframe or Engine of a Pool Aircraft, arising from the total or partial loss or destruction of such Airframe or its Engine or its total or partial confiscation, condemnation or requisition up to the amount of hull insurance in respect of such Pool Aircraft required to be carried hereunder and (y) the other Insurances,

(d) all of such Grantor's right, title and interest in and to (the "**Beneficial Interest Collateral**")

(i) the Pledged Beneficial Interests (in case of an Intermediate Subsidiary that is leasing a Pool Aircraft only to the extent that its Equity Interest can be pledged without contravention of applicable law) described on Annex II hereto, any trust agreements (including Aircraft Documents), other agreements, contracts and instruments pursuant to which any such Pledged Beneficial Interests are created or issued and all distributions, cash, instruments, property and other economic rights from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Beneficial Interests, and all control rights under the governing documents of the Pledged Beneficial Interests, and all general intangibles relating thereto, and

(ii) all of such Grantor's right, title and interest in all Equity Interests in any Equity Party (in case of an Intermediate Subsidiary that is leasing a Pool Aircraft only to the extent that its Equity Interest can be pledged without contravention of applicable law) that may be formed from time to time (except to the extent provided in Section 2.19(g)), the trust agreements (including Aircraft Documents), other agreements and any other contracts and instruments pursuant to which any such Pledged Beneficial Interest is created or issued, and all certificates, if any, from time to time representing such Pledged Beneficial Interests and all distributions, cash, instruments, property and other economic interests from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional Pledged Beneficial Interests, and all control rights and membership, partnership or other interests under the governing documents of such additional Pledged Beneficial Interests, and all general intangibles relating thereto,

(e) all of such Grantor's right, title and interest in and to the property identified as subject to the Lien of the Aircraft Mortgage and Security Agreement and the Collateral in a Collateral Supplement executed and delivered by such Grantor to the Security Trustee,

(f) all right of such Grantor in and to the Cash Collateral Accounts and all funds, cash, investment property, investments, securities, instruments or other property (including all "financial assets" within the meaning of Section 8-102(a)(9) of the UCC) at any time or from time to time credited to any such account (collectively, the "**Account Collateral**"), and

(g) the amounts (if any) owing to such Grantor by the Manager,

(h) all supporting obligations and proceeds of any and all of the foregoing Supplementary Collateral (including proceeds that constitute property of the types described in subsections (a), (b), (c), (d), (e), (f) and (g) above),

**provided that** the Collateral shall not include any Excluded Property. Notwithstanding anything to the contrary contained herein, in the NPA or in any other Transaction Document, no Grantor shall be deemed to have made any representation, warranty or covenant regarding the perfection, priority and/or enforceability against third parties of the security interest granted hereunder in any Lease Collateral or in the Related Assets and the rights and remedies of the Security Trustee against third parties in respect of in any Lease Collateral or in the Related Assets, except the

applicable Grantor covenants, represents and warrants that to the extent the security interest granted in any Lease Collateral can be perfected in the United States by filing of UCC Financing Statements, such security interest will be so perfected on the applicable Closing.

The undersigned Grantor hereby makes each representation and warranty set forth in Section 2.04 of the Aircraft Mortgage and Security Agreement (as supplemented and amended by the attached Annexes), hereby confirms that all actions constituting Express Perfection Requirements with respect to the Supplementary Collateral required to be taken under the Aircraft Mortgage and Security Agreement by the undersigned Grantor prior to the execution and delivery hereof have been taken and hereby agrees that the foregoing Supplementary Collateral is "Collateral" as defined in the Aircraft Mortgage and Security Agreement and agrees to be bound as a Grantor by all of the terms and provisions of the Aircraft Mortgage and Security Agreement. The undersigned Grantor hereby delivers the Opinion of the counsel under Section 2.19(d) of the Aircraft Mortgage and Security Agreement, in form required thereunder. Each reference in the Aircraft Mortgage and Security Agreement to the Collateral shall be construed to include a reference to the corresponding Supplementary Collateral hereunder.

[The undersigned hereby agrees that it is a "Guarantor Party" as provided in Section 8.01 of the Aircraft Mortgage and Security Agreement.]

Attached is a duly completed Annex [ ] hereto and the corresponding Schedule [ ] of the Aircraft Mortgage and Security Agreement is amended and supplemented as set forth in Annex [ ] hereto.

*[Signature Page Follows]*

This Grantor Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance

Very truly yours,

**[NAME OF GRANTOR]**

By \_\_\_\_\_  
Name  
Title

Acknowledged and agreed to as of the date first above written

**WELLS FARGO BANK, N.A.,**  
not in its individual capacity, but solely as the Security Trustee

By \_\_\_\_\_  
Name  
Title

ANNEX I  
GRANTOR SUPPLEMENT  
AIRCRAFT OBJECTS

Grantor	Airframe MSN	Airframe Manufacturer and Model	Engine MSNs	Engine Manufacturer and Model
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ANNEX II  
GRANTOR SUPPLEMENT  
PLEDGED BENEFICIAL INTERESTS

Grantor	Issuer	Certificate No	Percentage of Beneficial Interest
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PLEDGED STOCK

Grantor	Issuer	Par Value	Certificate No(s)	Number of Shares	Percentage of Outstanding Shares
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PLEDGED MEMBERSHIP INTERESTS

Grantor	Issuer	Percentage of Membership Interest
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**ANNEX III  
GRANTOR SUPPLEMENT**

**TRADE NAMES**

ANNEX IV  
GRANTOR SUPPLEMENT

Name of Grantor	Type of Organization/Jurisdiction of Organization	"location" (for purposes of Section 9-307 of the UCC)	Places of business	Chief Executive Office	Mailing Address	Org ID (if required on Financing Statement / Ireland ID #
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**ANNEX V  
GRANTOR SUPPLEMENT  
ASSIGNED LEASES**

**EXHIBIT B**  
**AIRCRAFT MORTGAGE AND SECURITY AGREEMENT**  
**FORM OF FAA AIRCRAFT MORTGAGE**

EXHIBIT B  
AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

**FORM OF FAA AIRCRAFT MORTGAGE**

**FAA AIRCRAFT MORTGAGE (MSN [\_\_\_\_])**

**THIS FAA AIRCRAFT MORTGAGE (MSN [\_\_\_\_])** (this "**Agreement**") dated as of [\_\_\_\_], is made by and between [\_\_\_\_], as grantor (the "**Grantor**"), and **WELLS FARGO BANK, NATIONAL ASSOCIATION**, a national banking association, as the Security Trustee (the "**Security Trustee**") under the Aircraft Mortgage and Security Agreement and Guaranty (the "**Aircraft Mortgage**"), dated as of [\_\_\_\_], 2013, among **MILESTONE AVIATION HOLDCO NO. 8 LLC**, a Delaware limited liability company, having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland ("**U. S. Issuer**"), **THE MILESTONE AVIATION ASSET HOLDING GROUP NO. 8 LTD.**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Bermuda Issuer**" and, together with the U S Issuer, the "**Issuers**" and each, an "**Issuer**"), **THE MILESTONE AVIATION GROUP LIMITED**, a Bermuda exempted company having its office at Units 23 & 24 Classon House, Dundrum Business Park, Dundrum Road, Dublin 14, Ireland (the "**Manager**"), **WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION**, not in its individual capacity but solely as owner trustee in respect of certain trusts and Aircraft listed on Schedule VI of the Aircraft Mortgage ("**WFBN**"), and **WILMINGTON TRUST SP SERVICES (DUBLIN) LIMITED**, not in its individual capacity but solely as initial trustee in respect of certain trusts and Aircraft listed on Schedule VI of the Aircraft Mortgage ("**Wilmington**", together with WFBN, the "**Initial Owner Trustees**" and together with any successors, replacements or additional owner trustees who from time to time become party thereto, the "**Owner Trustees**") and the other **ADDITIONAL GRANTORS** who from time to time become grantors thereunder (together with the Issuers, the Owner Trustees and the Grantor, the "**Grantors**"), and the Security Trustee Capitalized terms used and not defined herein are used as defined in Appendix A hereto

W I T N E S S E T H

WHEREAS, the Grantor and the Security Trustee have entered into the Aircraft Mortgage in order to secure the payment and performance of all the Secured Obligations, and

WHEREAS, the Grantor has agreed to secure the Secured Obligations by granting to the Security Trustee for the benefit of the Secured Parties a Lien on its interest in the airframe (the "**Airframe**") and engines (the "**Engines**") described in Schedule I hereto (collectively, the "**Aircraft**") and on certain other property and rights relating thereto

NOW, THEREFORE, in order to (a) induce the Secured Parties to enter into the Aircraft Mortgage and the NPA and (b) secure the prompt payment and performance of all the Secured Obligations, the Grantor and the Security Trustee hereby agree as follows

## 1 SECURITY INTEREST

The Grantor does hereby transfer, convey, pledge, mortgage, hypothecate, assign and grant a first priority security interest to the Security Trustee, subject to no prior interests of any Person whatsoever except for the Lessee under the Lease, in the following collateral (collectively, the "**Mortgage Collateral**") attaching on the date of this Agreement

(a) all of the Grantor's right, title and interest in and to (i) the Aircraft, including the Airframe and Engines as the same is now and will hereafter be constituted, and in the case of such Engines, unless otherwise provided in the Aircraft Mortgage, whether or not any such Engine shall be installed in or attached to the Airframe or any other airframe, including all the Aircraft Objects described on Schedule I hereto as amended or supplemented from time to time, together with (ii) all Parts of whatever nature, including all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to the Airframe and Engines and all Parts which are from time to time included within the definitions of "Airframe" or "Engines" (other than additions, improvements, accessions and accumulations which constitute appliances, parts, instruments, appurtenances, accessories, furnishings or other equipment excluded from the definition of Parts), (iii) all Manuals and Technical Records, and (iv) all Related Assets,

(b) with respect to such Aircraft, the Lease [and the Intermediate Lease] to which such Grantor is or may from time to time be party and any leasing arrangements with respect to such Aircraft between Grantor and Lessee with respect to such Aircraft, (such Lease [and the Intermediate Lease collectively], the "**Assigned Lease(s)**"), including, without limitation, (i) all rights of such Grantor to receive Scheduled Payments and moneys due and to become due under or pursuant to such Assigned Lease(s), (ii) all rights of such Grantor to receive proceeds of any Insurances, indemnity, warranty or guaranty with respect to such Assigned Lease(s), (iii) claims of such Grantor for damages arising out of or for breach or default under such Assigned Lease(s), (iv) all rights of such Grantor under [any] such Assigned Lease with respect to any subleases of the Aircraft subject to such Assigned Lease, (v) the right of such Grantor to terminate such Assigned Lease(s) and to compel performance of, and otherwise to exercise all remedies under, [any] such Assigned Lease, whether arising under such Assigned Lease(s) or by statute or at law or in equity and (vi) all rights of such Grantor under any assignment of any sublease entered into by the [Eligible Lessee] in respect of the Aircraft,

(c) all of the Grantor's rights to receive proceeds of any Insurances with respect to the Lease up to the amount of hull insurance in respect of the Aircraft required to be carried under the Aircraft Mortgage or where a Lease is not then in effect, all rights of such Grantor to receive any money or non-money proceeds of (x) an Airframe or Engine of the Aircraft, arising from the total or partial loss or destruction of such Airframe or its Engine or its total or partial confiscation, condemnation or requisition up to the amount of hull insurance in respect of the Aircraft required to be carried under Aircraft Mortgage and (y) the other Insurances; and

(d) all supporting obligations and proceeds of any and all of the foregoing Mortgage Collateral (including proceeds that constitute property of the types described in subsections (a) of this Section 1),

**provided that** the Mortgage Collateral shall not include any Excluded Property

**TO HAVE AND TO HOLD** this Mortgage Collateral unto the Security Trustee, and its successors and assigns, as security for the Secured Obligations

## **2 CAPE TOWN CONVENTION**

2.1 The parties hereto agree that, to the maximum extent such agreement has any effect under the Cape Town Convention, for all purposes of the Cape Town Convention each Engine shall be considered an "Aircraft Object" under the Cape Town Convention regardless of whether it is installed on the Airframe or another airframe as of the date of this Agreement, and this Agreement creates, and the Grantor hereby grants, a present International Interest in and to the Engines by Grantor in favor of Security Trustee as of the date hereof Pursuant to the Cape Town Convention, and to the maximum extent such agreement has any effect under the Cape Town Convention, this Agreement creates, and the Grantor hereby grants, a prospective International Interest by Grantor in favor of Security Trustee under the Cape Town Convention, in any Engine which is installed on the Airframe or another airframe as of the date hereof, which shall become an International Interest by Grantor in favor of Security Trustee under the Cape Town Convention if and when such Engine is subsequently removed from said Airframe or aircraft

2.2 The parties consent, covenant and agree that this Agreement shall be registered with the International Registry as an International Interest in the Airframe and Engines and a prospective International Interest in the Engines,

## **3 MISCELLANEOUS**

3.1 **Successors and Assigns** All the terms, provisions, conditions and covenants herein contained shall be binding upon and shall inure to the benefit of the Grantor, the Security Trustee and their respective successors, assigns and transferees

3.2 **Severability** Any provision of this Agreement prohibited by the laws of any jurisdiction or otherwise held to be invalid by any court of law of any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition, or modified to conform with such laws, without invalidating the remaining provisions hereof, and any such prohibition in any jurisdiction shall not invalidate such provisions in any other jurisdiction

3.3 **Governing Law** THIS AGREEMENT SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK

**3 4 Further Assurances** At any time and from time to time, upon the request of the Security Trustee, the Grantor shall promptly and duly execute and deliver any and all such further instruments and documents that may be necessary, or that the Security Trustee may reasonably request, in order for the Security Trustee to obtain the full benefits of security interests and assignments created or intended to be created hereby and of the rights and powers granted herein and in the Aircraft Mortgage

**3 5 Notices** All notices, requests, demands or other communications required hereunder or given pursuant hereto shall be in writing unless otherwise expressly provided to the following specified address or to such other address as either party may from time to time hereafter designate to the other party in writing

If to the Grantor

[ ]  
[ADDRESS]  
Attention [ ]  
Fax [ ]

If to the Security Trustee

WELLS FARGO BANK, N A , as Security Trustee  
MAC U1240-026  
260 North Charles Lindbergh Drive  
Salt Lake City, Utah 84116  
Attention Corporate Trust Services  
Fax +1 866-549-4890  
Email CTSLeaseCompliance@wellsfargo com

**3 6 Security Trustee**

The Security Trustee shall be afforded all of the rights, protections, immunities and indemnities set forth in the Aircraft Mortgage as if such rights, protections, immunities and indemnities were specifically set forth herein

**3 7 Terms Defined in the Cape Town Convention** The following terms shall have the respective meanings ascribed thereto in the Cape Town Convention "Aircraft Object", "Contract of Sale", "International Interest", "Prospective Contract of Sale", "Prospective International Interest",

**3 8 Execution in Counterparts**

This Agreement may be executed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures were upon the same instrument

*[Remainder of page intentionally left blank]*

**IN WITNESS WHEREOF**, the parties hereto have, by their indicated officers thereunto duly authorized, caused this FAA Aircraft Mortgage to be executed as of the day and year first above written and to be delivered in the State of New York

GRANTOR

[ ]

By \_\_\_\_\_  
Name  
Title

SECURITY TRUSTEE

**WELLS FARGO BANK, N.A.**, not in its individual capacity but solely as Security Trustee

By \_\_\_\_\_  
Name  
Title

APPENDIX A  
FAA AIRCRAFT MORTGAGE

**DEFINITIONS**

For all purposes of this Agreement, all capitalized terms used, but not defined, in this Agreement shall have the respective meanings assigned to such terms in the Aircraft Mortgage, and the following terms have the meanings indicated below

**"Agreement"** has the meaning specified in the recital of parties to this Agreement

**"Aircraft"** has the meaning specified in the second recital of this Agreement

**"Aircraft Documents"** means the Trust Agreement in respect of the Aircraft or other organizational documents in respect of the Grantor

**"Aircraft Mortgage"** has the meaning specified in the preliminary statements to this Agreement

**"Excluded Property"** means (a) proceeds of public liability insurance (or government or other Person (including the manufacturer, the Lessee and any sublessee of the Lessee) indemnities in lieu thereof) in respect of the Aircraft paid or payable as a result of insurance claims made, or losses suffered, by any Grantor or the Manager or other indemnitee or payee entitled thereto, (b) proceeds of insurance (including, if applicable, directors and officers liability insurance) maintained by any Grantor or the Manager or any Affiliate thereof for its or their own account or benefit (whether directly or through a Grantor) and not required by the Aircraft Mortgage and proceeds of insurance in excess of the amounts required hereunder, (c) any general indemnity, Tax or other indemnity payments, expenses, reimbursements and similar payments and interest in respect thereof paid or payable in favor of any Grantor or the Manager or any Affiliate thereof, or their respective successors or assigns, officers, directors, employees, agents, managers and servants, including any such payments pursuant to the Lease or related agreement but not including any such payment by any (i) Grantor or (ii) Governmental Authority made in lieu of hull Insurance, (d) any Security Deposit or Maintenance Reserves, (e) any right to exercise any election or option or make any decision or determination, or to give or receive any notice, consent, waiver or approval, or to take any other action in respect of rights under clauses (a) to (d) above, and (f) the proceeds from the enforcement of any right to enforce the payment of any amount described in clauses (a) to (e) above but only to the extent such proceeds would constitute property or assets of the type described in clause (a) through (e) above

**"Grantors"** has the meaning specified in the Aircraft Mortgage

**"Insurances"** means, in relation to the Aircraft, any and all contracts or policies of insurance and reinsurance complying with the provisions of Schedule V of the

Aircraft Mortgage or an indemnity from a Governmental Authority as indemnitor, as appropriate, and required to be effected and maintained in accordance with the Aircraft Mortgage

**"Intermediate Lease"** means the Aircraft Lease (S/N \_\_\_\_ ) dated as of [\_\_\_\_], 201\_\_, between [\_\_\_\_], as lessor and [\_\_\_\_], as lessee, [which was recorded by the Federal Aviation Administration on [\_\_\_\_] and assigned Conveyance No [\_\_\_\_], as supplemented by the Lease Supplement No. 1, dated [\_\_\_\_], 201\_\_, which was recorded by the Federal Aviation Administration on [\_\_\_\_] and assigned Conveyance No [\_\_\_\_] ]<sup>1</sup>

**"Lease"** means the Aircraft Lease (S/N \_\_\_\_ ) dated as of [\_\_\_\_], 201\_\_, between Grantor, as lessor and Lessee, as lessee, [which was recorded by the Federal Aviation Administration on [\_\_\_\_] and assigned Conveyance No [\_\_\_\_], as supplemented by the Lease Supplement No 1, dated [\_\_\_\_], 201\_\_, which was recorded by the Federal Aviation Administration on [\_\_\_\_] and assigned Conveyance No [\_\_\_\_] ]

**"Lessee"** means [\_\_\_\_].

**"Lien"** means, with respect to any asset, (a) any mortgage, deed of trust, lien, pledge, hypothecation, encumbrance, charge or security interest in, on or of such asset (excluding, however, for purposes of clarification, the contract rights of any Person against an Issuer or a Grantor under any credit support, guarantee, indemnity, residual agreement or similar document or instrument, in each case constituting a part of the Excluded Property, whether arising by way of subrogation or otherwise), (b) the interest of a vendor or a lessor under any conditional sale agreement, capital lease or title retention agreement (or any financing lease having substantially the same economic effect as any of the foregoing) relating to such asset if at least 90 days have expired since the date of delivery of such asset to the applicable vendee or lessee, and (c) in the case of securities, any purchase option, call or similar right of a third party with respect to such securities

**"Manuals and Technical Records"** means all technical data, manuals and log books, and all inspection, modification and overhaul records, all service, repair, maintenance and technical records and all other similar records (i) where the Aircraft is subject to the Lease, title to which is vested in the Grantor in accordance with the provisions of the Lease, or (ii) where the Aircraft is not subject to a Lease, which is required to be maintained by the applicable aviation authority or any other Governmental Authority having jurisdiction, and such term shall include all applicable additions, renewals, revisions and replacements of any such materials from time to time made, or required to be made, pursuant to applicable law and in each case in whatever form and by whatever means or

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<sup>1</sup> To be used only if there is an Intermediate Lease in respect of the Aircraft

medium (including, without limitation, microfiche, microfilm, paper or computer disk) such materials may be maintained or retained by the Lessee

**"Mortgage Collateral"** means the Aircraft and other property described in Section 1 hereof and subject to the security interest created by this Agreement

**"NPA"** means the Master Note Purchase Agreement, dated as of [ ], 2013, among the Issuers, the Manager and the Purchasers identified therein

**"Parts"** means, with respect to the Airframe or Engine, any rotors, rotor blades, rotor component, component, auxiliary power unit, avionics, appliance, part, instrument, appurtenance, accessory, furnishing or other equipment of whatever nature (other than Engines) which may from time to time be installed or incorporated in or attached or appurtenant to the Airframe or any Engine and to the Grantor has title or, after removal therefrom, so long as title thereto shall remain vested in the Grantor

**"Person"** means an individual, partnership, corporation, limited liability company, association, trust, unincorporated organization, business entity or Governmental Authority

**"Related Assets"** means, with respect to the Aircraft, all of the following (i) all right, title and interest of the Grantor in any manufacturer warranties or PBH maintenance contract(s) to the extent such manufacturer warranties or such PBH maintenance contract(s) can be assigned by the Grantor without the applicable manufacturer's or the PBH maintenance provider's consent and only to the extent that such assignment does not constitute a breach of the agreement pursuant to which the Grantor acquired its rights and interests in such manufacturer warranties or such PBH maintenance contract(s), in each case after giving effect to Article 9 of the UCC and other applicable law and principles of equity, (ii) amounts received by the Grantor from the manufacturers, PBH maintenance provider(s) or the sellers of the Aircraft for breach of warranties relating thereto or in settlement of any claims, losses, disputes or proceedings relating to such Aircraft (to the extent such amounts are not required to be paid to the Lessee operator, repairer or a similar Person with respect to such Aircraft) and (iii) all payments, proceeds and income of the foregoing or related thereto

**"Scheduled Payment"** means, with respect to the Lease, the monthly or quarterly "basic" rent or other interim payment scheduled to be paid by the Lessee, or, as the case may be, accrued as revenue by the Grantor, in each case pursuant to the terms of the Lease

**"Secured Obligations"** has the meaning specified in the Aircraft Mortgage

**"Secured Parties"** has the meaning specified in the Aircraft Mortgage

**"Trust Agreement"** means the Trust Agreement (S/N [ ]), dated as of [ ], 2013, between [ ] as owner trustee and [ ], as Trustor

SCHEDULE I  
FAA AIRCRAFT MORTGAGE AND SECURITY AGREEMENT

MORTGAGE COLLATERAL

**"Aircraft [ ]"** means

one (1) [ ] Model [ ] aircraft bearing manufacturer's serial  
no [ ] and FAA registration number [ ] (the **"Airframe"**),

together with [ ] [ ] Model [ ] aircraft engine(s) ([each  
of] which engine(s) has 550 or more rated takeoff horsepower or the equivalent thereof)  
bearing manufacturer's serial nos [ ] [and [ ] respectively] (the **"Engines"**)

## EXHIBIT C

### FORM OF ACKNOWLEDGMENT

The undersigned hereby (i) acknowledges receipt of a copy of that certain [(x)] Aircraft Mortgage and Security Agreement and Guaranty dated as of [ ], 2013 (as amended, amended and restated, supplemented or otherwise modified from time to time, the "Security Agreement", capitalized terms used but not otherwise defined herein shall have the meanings assigned to such terms in the Security Agreement) among The Milestone Aviation Group Limited, Milestone Aviation Holdco No 8 LLC, The Milestone Aviation Asset Holding Group No 8 Ltd, the additional Grantors referred to therein and Wells Fargo Bank, National Association (the "Security Trustee") [ and (y) Collateral Supplement to the Security Agreement dated as of [ ] between the Security Trustee and [GRANTOR] in respect of [ISSUER/NAME OF TRUST]], (ii) agrees promptly to note on its books the security interests granted to the Security Trustee and confirmed under the Security Agreement, (iii) agrees that, upon the occurrence and during the continuation of an Event of Default, it will comply with instructions of the Security Trustee or its nominee with respect to the applicable Beneficial Interest Collateral without further consent by the applicable Grantor, [(iv) agrees that the "issuer's jurisdiction" (as defined in Section 8-110 of the UCC) is [ ] ]<sup>1</sup> and (v) waives any right or requirement at any time hereafter to receive a copy of the Security Agreement in connection with the registration of any Beneficial Interest Collateral thereunder in the name of the Security Trustee or its nominee or the exercise of voting rights by the Security Trustee or its nominee

[ISSUER/U S OWNER TRUSTEE]

By \_\_\_\_\_  
Name  
Title

<sup>1</sup> Include if the Pledged Equity Interest is a Security (not applicable to a common law Eligible Trust)

Chifford Chance LLP

Igor Rodchenkov

29-17

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London

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