FORM B10 (Official Form 10) (04/04)

UNITED STATES BANKRUPTCY COURT SOUTHERN DISTRICT OF INDIANA

PROOF OF CLAIM

Name of Debtor	Case Number
ATA AIRLINES, INC	04-19868

NOTE This form should not be used to make a claim for an administrative expense arising after the commencement of the case A "request for payment of an administrative expense may be filed pursuant to 11 U S C § 503

Name of Creditor (The person or other entity to whom the debtor owes money or property)
KEY EQUIPMENT FINANCE

Name and address where notices should be sent
C/O MICHAEL A AXEL, ESQ
KEYBANK NATIONAL ASSOCIATION
127 PUBLIC SQUARE, SECOND FLOOR
CLEVELAND, OH 44114-1366
Telephone number 216-689-4959

☐ Check box if you are aware that anyone else has filed a proof of claim relating to your claim. Attach copy of statement giving particulars
☐ Check box if you have never received any notices from the bankruptcy court in this case
☐ Check box if the address differs from the address on the envelope sent to you by the court.

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Account or other number by which creditor identifies debtor
Lease #8800019141 / Aircraft N301CE

Check here ☐ replaces if this claim ☐ amends a previously filed claim, dated._____

1 Basis for Claim

☐ Goods sold
☐ Services performed
☐ Money loaned
☐ Personal injury/wrongful death
☐ Taxes
☑ Other Unexpired lease of personal property

☐ Retiree benefits as defined in 11 U S C § 1114(a)
☐ Wages, salaries and compensation (fill out below)
Last four digits of SS # _____
Unpaid compensation for services performed
from _____ (date) to _____ (date)

2 Date debt was incurred
April 7 2000

3 If court judgment, date obtained
NONE

4 Total Amount of Claim at Time Case Filed $ 2,039,825.14 (unsecured) (see attached) (secured) _____ (priority) _____ (Total)

If all or part of your claim is secured or entitled to priority, also complete Item 5 or 7 below

☑ Check this box if claim includes interest or other charges in addition to the principal amount of the claim Attach itemized statement of all interest or additional charges

5 Secured Claim

☐ Check this box if your claim is secured by collateral (including a right of setoff)

Brief Description of Collateral
☐ Real Estate ☐ Motor Vehicle
☑ Other (see attached)

Value of Collateral $_____

Amount of arrearage and other charges at time case filed included in secured claim if any $_____

6 Unsecured Nonpriority Claim $_____

☐ Check this box if a) there is no collateral or lien securing your claim or b) your claim exceeds the value of the property securing it, or if c) none or only part of your claim is entitled to priority

7 Unsecured Priority Claim

☐ Check this box if you have an unsecured priority claim

Amount entitled to priority $_____
Specify the priority of the claim
☐ Wages, salaries, or commissions (up to $4 925),* earned within 90 days before filing of the bankruptcy petition or cessation of the debtor s business, whichever is earlier 11 U S C § 507(a)(3)
☐ Contributions to an employee benefit plan 11 U S C § 507(a)(4)
☐ Up to $2,225* of deposits toward purchase, lease or rental of property or services for personal, family or household use 11 U S C § 507(a)(6)
☐ Alimony maintenance or support owed to a spouse former spouse or child 11 U S C § 507(a)(7)
☐ Taxes or penalties owed to governmental units 11 U S C § 507(a)(8)
☐ Other Specify applicable paragraph of 11 U S C § 507(a)(____)

**Amounts are subject to adjustment on 4/1/07 and every 3 years thereafter with respect to cases commenced on or after the date of adjustment*

8 Credits The amount of all payments on this claim has been credited and deducted for the purpose of making this proof of claim

9 Supporting Documents *Attach copies of supporting documents* such as promissory notes, purchase orders invoices, itemized statements of running accounts contracts court judgments mortgages, security agreements, and evidence of perfection of lien DO NOT SEND ORIGINAL DOCUMENTS If the documents are not available explain If the documents are voluminous, attach a summary

10 Date-Stamped Copy To receive an acknowledgment of the filing of your claim, enclose a stamped self-addressed envelope and copy of this proof of claim

THIS SPACE IS FOR COURT USE ONLY

Court filed date

1/21/05

Date	Sign and print the name and title if any of the creditor or other person authorized to file this claim (attach copy of power of attorney if any)
Jan 21 2005	Sally C Barton Designated Signer

Penalty for presenting fraudulent claim Fine of up to $500 000 or imprisonment for up to 5 years or both 18 U S C

ATA
01345

Proof of Claim Attachment

Lease No. 8800019141 (Aircraft N301CE)
Lease Date: 4/7/00

This Proof of Claim evidences the claim of KeyCorp Leasing, nka Key Equipment Finance, a division of Key Corporate Capital Inc ("**KEF**"), based on amounts due and owing from ATA Airlines, Inc , debtor and debtor in possession (the "**Debtor**"), to KEF under the unexpired lease of personal property described above by and between KEF, as lessor, and the Debtor, as lessee (the "**Lease**") A copy of the Lease is attached hereto In addition, KEF may possess certain administrative expense claims against the Debtor on account of the Lease pursuant to sections 365(d)(10) and 503(b)(1)(A), among others, of the Bankruptcy Code, or otherwise, and KEF retains and reserves its right to assert any and all such claims KEF also retains and reserves any and all of its rights with respect to the Lease on account of (a) the Stipulation Regarding Section 1110(b) Extension filed in these cases on December 22, 2004 (Dkt #899) and (b) the Order Authorizing and Approving Agreement Pursuant to 11 U S C § 1110 Filed Under Seal Regarding Two Aircraft and Four Engines entered in these cases on January 3, 2005 (Dkt #1014)

This claim consists of the following

Remaining Payments	$1,462,325 14		
Residual	577,500 00		
		$2,039,825.14	**TOTAL**

This claim is a general unsecured claim However, if it is determined that the transaction giving rise to this claim was not a lease, KEF reserves any and all of its rights to assert at any time that this claim is a secured claim

This Lease Agreement has been executed in several counterparts Only the original chattel paper counterpart is marked "Original" on the signature page thereof No security interest in this Lease Agreement may be perfected by possession of any counterpart other than such Original counterpart

LEASE AGREEMENT N191AE

dated as of April 7, 2000

between

FIRST SECURITY BANK, NATIONAL ASSOCIATION

(as Owner Trustee)

as Lessor,

and

AMERICAN TRANS AIR, INC ,

as Lessee

One Saab Model 340B Aircraft

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Lease Agreement N191AE

This Lease Agreement is entered into as of April 7, 2000 between First Security Bank, National Association ("FSB"), a national banking association, not in its individual capacity but solely as trustee (in such capacity, "Owner Trustee") under the Trust Agreement (American Trans Air, Inc Trust 2000A) (the "Trust Agreement") dated April 1, 2000, between FSB and KeyCorp Leasing, a division of Key Corporate Capital Inc ("Beneficiary"), a Michigan corporation (the Owner Trustee being referred to in this Lease as the "*Lessor*"), and American Trans Air, Inc ("Lessee"), an Indiana corporation

Lessor and Lessee hereby agree as follows

1 Definitions, References

1 1 Definitions The following terms, when capitalized as below, have the following meanings

Additional Term the period beginning on the day immediately following the Expiration Date and ending on the Additional Term Expiration Date

Additional Term Expiration Date set forth on Schedule 1

Aircraft the Airframe, the two Engines, the two Propellers and all avionics

Airframe the Saab model 340B aircraft bearing the U S registration number and manufacturer's serial number shown on the attached Equipment Schedule (except for any Engine(s), engine(s), Propeller(s), or propeller(s) from time to time installed thereon) or any Replacement Airframe substituted for an Airframe under this Lease, including in each case any and all Parts incorporated in such airframe

Appraisal Procedure a "desk top" appraisal procedure involving three nationally recognized independent aircraft appraisers, one of whom shall be chosen by Lessor and one by Lessee, and the third appraiser shall be chosen by the mutual consent of such two appraisers, *provided* that, if either party fails to appoint an appraiser within ten days after a written request to do so by the other party, or if the two appraisers do not agree or fail to appoint a third appraiser within ten days after the date of the appointment of the second of such appraisers, then such third appraiser shall be appointed by the American Arbitration Association, New York, in accordance with its rules as then in effect The appraisal determined by each of the three appraisers shall be averaged and the appraisal furthest from the average of the three appraisals shall be disregarded The appraisal determined by each of the two remaining appraisers shall be averaged and such average shall be the appraised Fair Market Value or

Fair Market Rental Value of such property Lessee and Lessor shall each pay half of all appraiser fees

Base Term. the period beginning on the Delivery Date and ending on the Expiration Date

Basic Rent the rent payable pursuant to § 4 1, or if the Term is extended as provided in § 18 2, the rent payable pursuant to § 18 2

Beneficiary defined in the first paragraph of this Lease

Bills of Sale the FAA Bill of Sale and the Warranty Bill of Sale

Business Day any day, other than a Saturday or Sunday, on which commercial banking institutions in Indianapolis, IN or Portland, OR (or such other city in the United States as Lessor specifies to Lessee by at least 30 days' prior written notice) are generally closed

Code the Internal Revenue Code of 1986, as amended from time to time, and analogous provisions of any successor statute

Default (1) an event or circumstance that would be an Event of Default but for the requirement(s) that notice be given or time elapse, or (2) an Event of Default

Default Rate a rate of interest equal to the following (a) on payments overdue for 30 days or less, the Stipulated Interest Rate plus 1% per annum, and (b) on payments overdue for more than 30 days, the Stipulated Interest Rate plus 3% per annum, in each case computed on the basis of actual days elapsed over a 360-day year, but in no event greater than the maximum rate permitted by applicable law

Delivery Date the date on which the Aircraft is conveyed to Lessor pursuant to the Participation Agreement and leased hereunder pursuant to § 2 hereof, which date is the date of this Lease

Discount Rate 7% per annum

DoT the United States Department of Transportation, or any person, governmental department, bureau, commission, or agency succeeding to the functions of such Department

Early Termination Date defined in § 18 5

Engine any one of the two General Electric engines listed by model and manufacturer's serial numbers in the attached Equipment Schedule, whether or not from time to time installed on the Airframe or on any other airframe, or any

Replacement Engine substituted for an Engine under this Lease, including in each case all Parts incorporated in such engine

Equipment Schedule Exhibit A to this Lease

Event of Default defined in § 16

Event of Loss with respect to any Item of Equipment, any of the following (i) destruction or damage beyond repair of such Item or rendition of such Item permanently unfit for normal use for any reason whatsoever, (ii) any damage to such Item or other event which results in an insurance settlement with respect to such Item on the basis of a total loss or constructive or compromised total loss, (iii) condemnation or requisition of title of such Item, (iv) loss, theft, or disappearance of, or condemnation, confiscation, seizure or requisition of use of, such Item for a period in excess of 90 consecutive days (180 consecutive days, in the case of a requisition of use by a government other than the Government), other than a requisition for use (but not of title) by the Government, (v) any requisition for use (but not of title) by the Government for a period which continues beyond the end of the Term, (vi) as a result of any law, rule, regulation, order, or other action by the FAA, DoT, or other governmental body in the United States (including any court) having jurisdiction, the use of such Item in the normal course of business of air transportation of persons or cargo shall have been prohibited for a period in excess of 180 consecutive days unless Lessee, prior to the expiration of such 180-day period, shall have caused to be undertaken and diligently carried forward all steps which are necessary or desirable to permit the normal use of such Item by Lessee, or, in any event, if such prohibition is continuing nine months after such prohibition commenced or on the last day of the Term, or (vii) any divestiture of title to an Engine or Propeller treated as an Event of Loss pursuant to § 6 1 or any other provision hereof An Event of Loss to the Aircraft shall be deemed to have occurred if an Event of Loss to the Airframe occurs The date of an Event of Loss shall be the date of the destruction, damage, requisition, loss, etc , involved, except that (1) the date of an Event of Loss described in clause (iv) or (vi) shall be the day after the last day of the period involved or, if earlier, the last day of the Term, and (2) the date of an Event of Loss described in clause (v) shall be deemed to be the last day of the Term

Expiration Date set forth on Schedule 1

FAA the United States Federal Aviation Administration, or any person, governmental department, bureau, commission or agency succeeding to the functions of such Administration

FAA Bill of Sale a bill of sale for the Aircraft on AC Form 8050-2 delivered to Lessor on the Delivery Date by Seller

Fair Market Rental Value the amount obtainable for the Aircraft in an

arm's-length transaction between an informed and willing lessee under no compulsion to lease and an informed and willing lessor under no compulsion to lease Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease including the return provisions of § 15, and assuming that all Removable Improvements have been removed If Lessor and Lessee do not agree upon Fair Market Rental Value, it shall be determined in accordance with the Appraisal Procedure

Fair Market Value the amount obtainable in an arm's-length transaction between an informed and willing buyer under no compulsion to buy and an informed and willing seller under no compulsion to sell Such amount shall be determined assuming that the Aircraft is in the condition required by this Lease including the return provisions of § 15, and assuming that all Removable Improvements have been removed If Lessor and Lessee do not agree upon Fair Market Value, it shall be determined in accordance with the Appraisal Procedure

FSB defined in the first paragraph of this Lease

Government the government of the United States of America or any instrumentality or agency thereof

Guarantor Amtran, Inc , an Indiana corporation

Guaranty Guaranty N191AE, dated the date of this Lease, issued by Guarantor to Lessor, pertaining to this Lease

incorporated in incorporated or installed in, attached to, or otherwise made a part of

Item of Equipment or *Item* the Aircraft, the Airframe, one of the Engines, or one of the Propellers

Lease this Lease Agreement

Lease Supplement any supplement to this Lease

Lessee defined in the first paragraph of this Lease

Lessor defined in the first paragraph of this Lease

Lessor's Cost for the Aircraft the purchase price for the Aircraft set forth on Schedule 1

Lessor's Lien any Lien arising as a result of (i) claims against Lessor not related to the transactions contemplated by the Operative Documents, or (ii) acts or omissions of Lessor which are not related to the transactions contemplated by

the Operative Documents or which are in contravention of such Documents, or (iii) taxes imposed against Lessor not indemnified against by Lessee pursuant to the Tax Indemnity Agreement, or (iv) claims against Lessor arising out of the transfer by Lessor of any interest in the Aircraft, other than the transfer of possession of the Aircraft to Lessee by Lessor pursuant to this Lease or a transfer pursuant to § 6, 9, 11, 17, or 18 of this Lease, or (v) any Lien granted by Lessor or its successors and assigns

Lien any mortgage, pledge, lien, charge, encumbrance, disposition of title, lease, or security interest

Manuals and Technical Records set forth in § 6 3

Minimum Maintenance Standards set forth in § 6 3

Operative Documents this Lease (including any Lease Supplement), the Participation Agreement, the Tax Indemnity Agreement, the Bills of Sale, and the Guaranty

Owner Trustee defined in the first paragraph of this Lease

Participation Agreement Participation Agreement N191AE, dated as of the date hereof, between Lessor and Lessee

Parts any and all appliances, parts, instruments, accessories, furnishings, seats, and other equipment of whatever nature (other than a complete Engine, engine, Propeller, or propeller) which are from time to time incorporated in the Airframe or any Engine or Propeller, or having been so incorporated, are later removed therefrom, so long as title thereto remains vested in Lessor in accordance with § 9

Payment Date the Delivery Date and each payment date thereafter during the Term set forth on Schedule 2

Permitted Air Carrier (1) any Section 1110 Person, or (2) on and after January 1, 2008, any foreign air carrier that is based in a foreign country listed on Exhibit A to the Participation Agreement, except those that do not maintain normal diplomatic relations with the United States or with which it would constitute a breach of applicable laws for Lessor to engage directly or indirectly in business, provided, in either case, that (at the time that the arrangements between Lessee and such entity become effective) such entity is not (as debtor) part of or subject to any bankruptcy proceeding, petition for bankruptcy, or appointment of a receiver, custodian, trustee, or liquidator for all or most of its property

Permitted Lien any Lien permitted pursuant to § 13

Permitted Sublessee a sublessee meeting the qualifications set forth in § 6 1(g), (h), or (i)

Person. any individual, corporation, limited liability company, partnership, joint venture, or other legal or governmental entity

Prime Rate a fluctuating rate equal to the rate of interest publicly announced from time to time by Key Bank, N A (or its successor), as its reference, prime, or base lending rate

Propeller any one of the two Hamilton Standard propellers listed by model and manufacturer's serial numbers in the attached Equipment Schedule, whether or not from time to time installed on the Airframe or any Engine or on any other airframe or engine, or any Replacement Propeller substituted for a Propeller under this Lease, including in each case all Parts incorporated in such propeller

Related Lease any other Saab model 340B aircraft lease agreement entered into in 2000 between Lessee and Lessor, but only for so long as Lessor (or affiliate thereof) retains a beneficial interest in the aircraft leased under that lease

Removable Improvement defined in § 9 4

Renewal Term defined in § 18 2

Rent Basic Rent and Supplemental Rent, collectively

Replacement Airframe a Saab model 340B aircraft (except for any Engine(s), engine(s), Propeller(s), or propeller(s) from time to time installed thereon) having a value, utility, and remaining useful life at least equal to the airframe replaced (determined without regard to hours or cycles remaining until the next scheduled overhaul, but assuming that the airframe replaced was in the condition required by this Lease), which is leased hereunder pursuant to § 11 1(a)

Replacement Engine an engine that (1) is of the same make and same or later model as the Engine replaced (or, if at least half of Lessee's fleet has been or is to be re-engined by a different make or model engine, is of such different make or model), (2) has a value, utility, and remaining useful life at least equal to the Engine replaced (such value, utility, and remaining useful life to be determined without regard to hours or cycles remaining until the next scheduled overhaul, but assuming that the Engine replaced was in the condition required by this Lease), (3) is suitable for installation and use on the Airframe, and (4) is substituted for an Engine pursuant to § 11 1, 11 2 or 18 4

Replacement Propeller a propeller that (1) is of the same make and same or later model as the Propeller replaced (or, if at least half of Lessee's fleet has been or is to be re-propellered by a different make or model propeller, is of such different make or model), (2) has a value, utility, and remaining useful life at least equal to the Propeller replaced (such value, utility, and remaining useful life to be determined without regard to hours or cycles remaining until the next scheduled overhaul, but assuming that the Propeller replaced was in the condition required by this Lease), (3) is suitable for installation and use on the Airframe and Engines), and (4) is substituted for a Propeller pursuant to § 11 1, 11 2 or 18 4

Section 1110 Person a "citizen of the United States" (within the meaning of 49 U S C § 40102(a)(15)), who is an air carrier holding a valid air carrier operating certificate issued pursuant to 49 U S C ch 447 for aircraft capable of carrying 10 or more individuals

Seller Chicago Express Airlines, Inc

Stipulated Interest Rate a fluctuating rate per annum equal to the Prime Rate, computed on the basis of actual days elapsed over a 360-day year

Stipulated Loss Value for the Aircraft as of any date of determination the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage set forth in Schedule 3 hereto opposite the Payment Date following such date of determination (or, if such date of determination is a Payment Date, by the percentage set forth opposite such Payment Date)

Supplemental Rent all amounts, liabilities, and obligations (other than Basic Rent) which Lessee assumes or agrees to pay hereunder or under any other Operative Document to Lessor or others

Tax Indemnity Agreement Tax Indemnity Agreement N191AE, dated as of the date hereof, between Lessor and Lessee

Term. the period for which the Aircraft is leased pursuant to § 3 and 18 2

Termination Date defined in § 18 3

Termination Fee defined in § 18 5

Termination Value for the Aircraft as of any date of determination the amount determined by multiplying Lessor's Cost for the Aircraft by the percentage set forth in Schedule 4 hereto opposite the Payment Date following such date of determination (or, if such date of determination is a Payment Date, by the percentage set forth opposite such Payment Date)

Trust Agreement defined in the first paragraph of this Lease

Warranty Bill of Sale the full warranty bill of sale, in the form set forth as Exhibit B to the Participation Agreement, covering the Aircraft, delivered by Seller to Lessor on the Delivery Date for the Aircraft

1 2 Usage Any agreement or instrument referred to in § 1 1 means such agreement or instrument as from time to time supplemented and amended References to sections, exhibits, and the like refer to those in or attached to this Agreement unless otherwise specified "Including" means "including but not limited to" "Or" means one or more, or all, of the alternatives listed or described "Herein", "hereof", "hereunder", etc mean in, of, under, etc this Agreement (and not merely in, of, under, etc the section or provision where the reference appears)

2 Delivery and Acceptance

Lessor hereby purchases and accepts delivery of the Aircraft from Seller under the Bills of Sale and simultaneously leases the Aircraft to Lessee hereunder, and Lessee hereby accepts and leases the Aircraft hereunder

3 Term

Subject to § 18 and except as otherwise provided herein, the Term shall commence on the Delivery Date and shall expire at 5 00 p m , Eastern time, on the Expiration Date

4 Rent

4 1 Basic Rent Lessee hereby agrees to pay to Lessor Basic Rent for the Aircraft throughout the Base Term, on each Payment Date, in the amount(s) determined by multiplying Lessor's Cost for the Aircraft by the percentage set forth on Schedule 2 opposite such Payment Date Basic Rent shall be allocated as specified in Attachment I to Schedule 2 For the avoidance of doubt, the parties hereto agree that, irrespective of the Lessee's payment obligation on the Payment Dates shown on Schedule 2, the allocation of the Lessee's liability on account of the use of the property shall be that stated on Attachment I to Schedule 2

4 2 Supplemental Rent Lessee shall also pay to Lessor or, at Lessor's direction, to whomever shall be entitled thereto, any and all Supplemental Rent promptly as it becomes due and payable Lessee shall pay to Lessor, as Supplemental Rent, interest at the Default Rate on any part of any installment of Rent not paid on the due date thereof for any period for which it is overdue

4 3 Prohibition Against Setoff, etc Except for a breach of Lessee's quiet enjoyment rights under § 10, Lessee shall pay all Rent payable hereunder without setoff, reduction, or recoupment, and Lessee's obligation to pay all Basic

Rent and Supplemental Rent payable hereunder shall not be affected by any circumstance, including (i) any claim which Lessee may have against Lessor or anyone else for any reason whatsoever (whether in connection with the transactions contemplated hereby or any other transactions), including any breach by Lessor of its warranties, agreements, or covenants contained in any of the Operative Documents, (ii) any defect in the title, registration, airworthiness, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, the Aircraft, or any interruption or cessation in or prohibition of the use or possession thereof by Lessee (or any Permitted Sublessee) for any reason whatsoever, including any such interruption, cessation, or prohibition resulting from the act of any government authority, (iii) any insolvency, bankruptcy, reorganization, or similar case or proceedings by or against Lessee (or any Permitted Sublessee) or any other person, or (iv) any other circumstance, happening, or event whatsoever, whether or not foreseen or similar to the foregoing, nor shall this Lease terminate because of any such circumstance

4 4 Manner and Place of Payment All amounts to be paid by Lessee hereunder shall be paid to Lessor in U S dollars by wire transfer of immediately available funds, to such account in the United States as Lessor shall designate to Lessee in writing Whenever any payment of Rent is payable on a day other than a Business Day, such payment shall be made on the following Business Day, without interest or additional charge

5 Disclaimer, Delivery Condition

Lessor leases and Lessee accepts and leases the Aircraft "as-is, where-is", and Lessor does not make, and shall not be deemed to have made, and hereby expressly disclaims, any representation or warranty, express or implied, as to the title, airworthiness, condition, value, design, operation, merchantability, or fitness for any particular purpose of any Item of Equipment or as to the absence of latent or other defects, whether or not discoverable, as to the infringement of any patent, trademark, copyright, or mask work, as to the absence of obligations based on strict liability in tort, or as to the quality of the material or workmanship in any Item of Equipment, or any other express or implied representation or warranty whatsoever with respect thereto, except that Lessor makes the representations, warranties, and covenants set forth in § 5 2 of the Participation Agreement

6 Possession, Lawful Insured Operations, Maintenance, Registration and Insignia

6 1 Possession Lessee shall not, without Lessor's prior written consent, sublease or otherwise transfer possession of any Item, or install any Engine or Propeller, or permit any Engine or Propeller to be installed, on any airframe other than the Airframe or on any engine other than an Engine, except that, so long as no Event of Default exists at the beginning of such sublease or other transfer of possession, Lessee may, without Lessor's prior written consent

(a) subject or permit a Permitted Sublessee to subject any Item to "wet leases" and normal interchange or pooling agreements or arrangements in each case customary in the United States commercial airline industry and entered into by Lessee or such Permitted Sublessee in the ordinary course of its business, provided that no such agreement or arrangement contemplates or requires the transfer or divestiture of title, *provided* that if Lessor's title to any Item shall be transferred or divested under any such agreement or arrangement, such transfer or divestiture shall be deemed to be an Event of Loss to that Item and Lessee shall comply with § 11.1 or 11 2 in respect thereof,

(b) deliver or permit a Permitted Sublessee to deliver possession of any Item to the manufacturer thereof for testing or other similar purposes or to any organization for testing, service, repair, maintenance, or overhaul work on any Item or for alterations or modifications in or additions to any Item to the extent required or permitted by § 9 4,

(c) subject or permit any Permitted Sublessee to transfer possession of any Item to the Government pursuant to the Civil Reserve Air Fleet Program (or any similar or substitute program) or otherwise,

(d) install or permit a Permitted Sublessee to install any Engine or Propeller on an airframe or engine owned by Lessee or such Permitted Sublessee free and clear of all Liens, except (i) those of the type permitted by § 13 and those which do not apply to such Engine or Propeller, (ii) the rights of other air carriers under normal interchange agreements which are customary in the airline industry and do not contemplate or require the transfer of title to such Engine or Propeller, and (iii) Liens pursuant to agreements that effectively provide that the secured party thereunder will not acquire any interest in any Engine or Propeller by reason of its installation on such airframe or engine during the Term,

(e) install or permit a Permitted Sublessee to install any Engine or Propeller on an airframe or engine leased to Lessee or such Permitted Sublessee or subject to a conditional sale or other security agreement or agreements but only if (i) such airframe or engine is free and clear of all Liens except (aa) the rights of the parties to the lease or conditional sale or other security agreement(s) covering such airframe or engine, (bb) Liens of the type permitted by § 6 1(d), and (cc) Liens which apply only to appliances, parts, instruments, accessories, furnishings, seats, or other equipment installed on such airframe or engine (but not to the airframe or engine as an entirety), and (ii) Lessee or such Permitted Sublessee shall have received from the lessor or secured party of such airframe or engine an agreement or agreements (which may be the lease or conditional sale or other security agreement or agreement(s) covering such airframe or engine) whereby such lessor or secured party effectively agrees that it will not acquire any interest in any Engine or Propeller by reason of its being installed on such airframe or engine any time during the Term,

(f) install or permit a Permitted Sublessee to install an Engine or Propeller on an airframe or engine owned by Lessee or such Permitted Sublessee, leased to Lessee or such Permitted Sublessee, or subject to a conditional sale or other security agreement under circumstances where neither clause (d) nor clause (e) of this § 6 1 applies, *provided* that such installation shall be deemed an Event of Loss with respect to such Engine or Propeller and Lessee shall comply with § 11 2 in respect thereof,

(g) sublease any Item to any Permitted Air Carrier, any airframe or engine manufacturer, or any affiliate of such a manufacturer, who in each case is domiciled in the United States of America or Canada (and any other Permitted Air Carrier, airframe or engine manufacturer, or affiliate of such a manufacturer, who in each case is domiciled in a country listed on Exhibit A to the Participation Agreement, with Lessor's prior written consent, which shall not be unreasonably withheld), provided that in each case such Person is not the subject of bankruptcy or similar proceedings when the sublease begins, *provided,* that in the case of any sublease to a foreign Person in accordance with this § 6 1(g), (x) Lessee shall deliver to Lessor, before any Item is delivered to the sublessee under such sublease, an opinion (from reputable counsel selected by Lessee and reasonably satisfactory to Lessor and licensed to practice law in the country of such foreign Person's domicile), in form and substance reasonably satisfactory to Lessor, and to the effect that (i) all necessary governmental approvals required for such Item to be imported and, to the extent reasonably obtainable, exported from the applicable country of domicile upon repossession of such Item by Lessor (and Lessee as sublessor) have been obtained and any exchange permits necessary to allow all payments of rent and other payments under any sublease assigned to Lessor hereunder are in full force and effect, (ii) Lessor's ownership of such Item will be recognized and enforceable, and will not be impaired by the sublease, (iii) the proposed sublease is valid, binding, and (except as limited by applicable bankruptcy, insolvency, or similar laws affecting creditors' or lessors' rights generally and by general equitable (or similar) principles) is enforceable against such foreign Person under the laws of such country, and (iv) the sublease will not require Lessor to register to do business in a new country, (y) such sublease shall not commence before January 1, 2008, and (z) such sublease provides that such Item will not be operated into a country with which the United States is conducting ongoing hostilities,

(h) sublease any Item to any Person not described in § 6 1(g), if Lessee has obtained Lessor's prior written consent (which shall not be unreasonably withheld), and

(i) sublease any Item to Seller,

provided, further, with respect to this § 6 1, that

(1) the rights of any transferee who receives possession by reason of a transfer permitted by this § 6 1 (other than the transfer of an Engine or

Propeller, which, as a result of an election by Lessor as described in this § 6 1, is deemed an Event of Loss) shall be subject and subordinate to, and any sublease permitted by this § 6 1 shall be made expressly subject and subordinate to, all the terms of this Lease, and to Lessor's rights, powers, and remedies hereunder, including the rights to repossession pursuant to § 17 and to terminate and avoid such sublease upon such repossession and to require such sublessee forthwith to deliver the Item(s) subject to such sublease upon such repossession,

(2) Lessee shall remain primarily liable hereunder for the performance of all the terms of this Lease to the same extent as if such sublease or transfer had not occurred, and

(3) Lessee shall assign to Lessor as security for performance of Lessee's obligations hereunder any sublease in excess of one year (payment of rent and any other amounts owing under any such sublease nevertheless to be made directly to Lessee unless and until the sublessee has been notified by Lessor that this Lease has been declared in default as the result of an Event of Default)

Lessee shall deliver to Lessor, promptly after execution thereof, a duly executed copy of any sublease or interchange or pooling agreement permitted hereunder No interchange, pooling agreement, sublease, transfer, or other relinquishment of possession of any Item shall in any way discharge or diminish any of Lessee's obligations to Lessor hereunder If Lessee or any Permitted Sublessee receives from the lessor, conditional seller, or secured party of any airframe or engine leased to, or operated or purchased by, Lessee or any Permitted Sublessee subject to a lease, conditional sale, or other security agreement a written agreement complying with § 6 1(e)(ii), Lessor hereby agrees for the benefit of such lessor, conditional seller, or secured party that Lessor will not acquire or claim, as against such lessor, conditional seller, or secured party, any interest in any engine or propeller as the result of its being installed on the Airframe or any Engine at any time while such engine or propeller is subject to such lease, conditional sale, or other security agreement and owned by such lessor or conditional seller or subject to a security interest in favor of such secured party

6 2 Lawful Insured Operations Lessee will not, and will cause any Permitted Sublessee not to, maintain, use, or operate any Item of Equipment in violation of any law, treaty, statute, rule, regulation, or order of any government or governmental authority having jurisdiction, or in violation of any airworthiness certificate or registration relating thereto, except for minor, unanticipated, or nonrecurring violations with respect to which corrective measures are taken promptly upon discovery thereof and except to the extent Lessee or a Permitted Sublessee is contesting in good faith the validity or application of such law, rule, regulation, or order in any reasonable manner which does not materially adversely affect Lessor's interest in such Item Lessee agrees not to operate any Item of Equipment, or suffer such Item to be operated,

(a) unless such Item is covered by insurance as required by the provisions of § 12, or (b) contrary to the terms of the insurance required by the provisions of § 12

6 3 Maintenance The Lessee shall cause each Item to be maintained, inspected, serviced, repaired, overhauled, and tested (1) in accordance with an FAA-approved program or, if the Aircraft has been re-registered in accordance with § 9 of the Participation Agreement, a program of or approved by another governmental authority having jurisdiction (but in any event in accordance with maintenance standards at least as stringent as those approved by the FAA, Canada, Japan, or the JAA (*"Minimum Maintenance Standards"*)), (2) so as to keep each Item in (aa) good operating condition, and (bb) such condition as shall be necessary to maintain a standard airworthiness certificate and any other permits or licenses required for the Aircraft in good standing under the FAA's standards or, if the Aircraft has been re-registered in accordance with § 9 of the Participation Agreement, under applicable Minimum Maintenance Standards, (3) in the same manner and with the same care as used by the Lessee (or a Permitted Sublessee) with respect to similar aircraft operated by the Lessee (or such Permitted Sublessee), and (4) so as to comply with the applicable regulations of the FAA or, if the Aircraft has been re-registered in accordance with § 9 of the Participation Agreement, other governmental authority having jurisdiction (but in any event in accordance with Minimum Maintenance Standards), except during a good-faith contest of the validity, applicability, or alleged violation of the pertinent rule or regulation in any reasonable manner which is not reasonably anticipated to have a materially adverse effect on the Lessor's interest in the Aircraft, *provided*, that no contest shall excuse the failure to maintain the airworthiness certification for the Aircraft in good standing without the Lessor's written consent, nor shall the pendency of any contest prevent a prohibition of use from becoming an Event of Loss The Lessee shall maintain all logs, manuals, diagrams, certificates, data, and inspection, modification, repair, maintenance, and overhaul records required by the FAA (or any other governmental body having jurisdiction) to be maintained in respect of each Item (collectively, the *"Manuals and Technical Records"*), and such Manuals and Technical Records shall be maintained in English (or be translated into English on an ongoing basis) The Lessee shall prepare for the Lessor, and file, any reports required by any governmental authority as a result of the Lessor's ownership of the Aircraft and the Lessor shall furnish to the Lessee and any Permitted Sublessee all reasonable co-operation in connection therewith, at the Lessee's expense

6 4 Registration and Insignia Except as provided in § 9 of the Participation Agreement, Lessee shall not take any action inconsistent with the continued registration of the Aircraft in Lessor's name at the FAA Before locating the Airframe or any Engine outside the United States, Lessee shall affix in the cockpit of such Airframe, in a prominent location, or on such Engine, a metal nameplate or stencil provided by Lessor bearing the inscription "This [Aircraft] [Engine] owned by First Security Bank, N A , as Owner Trustee and

Lessor", or such other inscription reflecting the interests of Lessor as Lessor reasonably requests

Lessor agrees that if (i) it ceases to be a "citizen of the United States" within the meaning of 49 U S C § 40102(a)(15), and (ii) the Aircraft shall or would therefore become ineligible for registration in the name of the Lessor at the FAA at any time when the Aircraft is so registered or Lessee has requested re-registration at the FAA (such eligibility to be determined without regard to any provision that permits such registration by limiting the location or use of the Aircraft), then Lessor shall promptly effect voting trust or similar arrangements or take any other action as may be necessary to prevent any deregistration or maintain the United States registration of the Aircraft

7 Inspection, Financial Information

7 1 Inspection During the Term, Lessee shall furnish to Lessor such information concerning the location, condition, use, and operation of each Item of Equipment as Lessor reasonably requests Lessee shall permit any person designated in writing by Lessor, at Lessor's expense, to visit and inspect (at any reasonable time upon reasonable notice, *provided* that such inspection shall occur only during regularly-scheduled maintenance, shall occur no more than once per year (except (a) twice per year, during the last year of the Term, and (b) without such limit as to number, while an Event of Default exists), and shall not in any event interfere in any respect with Lessee's operation or maintenance of any Item) each Item of Equipment and the records maintained in connection therewith and, at Lessor's expense, to make copies of such records as Lessor reasonably designates Lessor shall not have any duty to make any such inspection or incur any liability or obligation by reason of not making any such inspection Any such inspection of the Aircraft shall be a visual, walk-around inspection which may include going on board the Aircraft but which shall not include opening any panels, bays, or the like, *provided*, that any such designee of Lessor shall be entitled to be present during any maintenance check of the Aircraft at which any panels, bays, or the like may be opened and shall have the right to inspect such items during such maintenance check Upon written request from Lessor, Lessee shall provide Lessor with the anticipated dates of any scheduled major maintenance check within the six-month period following such request

7 2 Financial Information Lessee also agrees to furnish to Lessor during the Term

(a) as soon as possible and in any event within ten days after the occurrence of any Event of Default, a certificate of Lessee, signed by a vice president of Lessee, setting forth in detail the nature of such Event of Default and the action that Lessee proposes to take with respect thereto,

(b) as soon as available, and in any event within 45 days after the end of each of the first three fiscal quarters, an unaudited balance sheet of Lessee and its consolidated affiliates, as of the end of such quarter and related unaudited statements of income and retained earnings and change in financial position of Lessee and its consolidated affiliates, setting forth in each case in comparative form the corresponding figures for the corresponding period of the preceding fiscal year, in accordance with generally accepted accounting principles, and certified by a financial officer as fairly presenting the financial condition and results for Lessee and its consolidated affiliates for such date and period,

(c) as soon as available, and in any event within 90 days after the end of each fiscal year of Lessee, an audited financial report for Lessee and its consolidated affiliates for such year, including therein a balance sheet of Lessee and its consolidated affiliates as of the end of such fiscal year and related statements of income and retained earnings and changes in financial position of Lessee and its consolidated affiliates for such fiscal year, setting forth in each case in comparative form corresponding figures for the preceding fiscal year, in accordance with generally accepted accounting principles, all in reasonable detail and as certified by Lessee's independent public accountants, including their certificate and accompanying comments (which accountants shall be a "Big 5" (or successor) firm, or another firm of recognized standing and reasonably acceptable to Lessor), and

(d) from time to time such other information as Lessor reasonably requests with respect to Lessee's operations in order to determine whether the terms of this Lease have been complied with by Lessee

8 Lessee's Continuing Identity

Lessee covenants that, during the Term

8 1 Corporate Existence Except as permitted by § 8 2, Lessee shall at all times maintain its corporate existence

8 2 Merger Lessee shall not consolidate with or merge into any other corporation, or convey, transfer, or lease all or substantially all of its assets as an entirety to any person, unless

(a) the corporation formed by such consolidation or merger or the person which acquires by conveyance, transfer or lease all or substantially all of the assets of Lessee as an entirety (the *"Successor"*) (1) shall be a corporation organized and existing under the laws of the United States of America or any state or the District of Columbia, (2) shall be a "Section 1110 Person", (3) shall assume the due and punctual performance and observance of Lessee's covenants in this Lease, (4) shall make such filings and recordings, including any filing or recording with the FAA, as shall be necessary to evidence such

consolidation, merger, conveyance, transfer, or lease with or to the Successor, and (5) shall have a tangible net worth at least equal to Lessee's tangible net worth on June 30, 1998 or 90% of Lessee's tangible net worth immediately before such consolidation or merger, whichever is less, and

(b) immediately after giving effect to such transaction, no Event of Default exists

Upon any such consolidation, merger, conveyance, transfer, or lease, the Successor shall succeed to, shall be substituted for, and may exercise every right and power of Lessee under this Lease to which Lessee is a party with the same effect as if the Successor had been named as Lessee therein No such conveyance, transfer, or lease of substantially all the assets of Lessee as an entirety shall have the effect of releasing Lessee or any Successor which shall theretofore have become such in the manner prescribed in this § 8 2 from its liability hereunder Nothing contained herein shall permit any lease, sublease, or other arrangement for the use, operation, or possession of the Aircraft except in compliance with the applicable provisions of this Lease

8 3 Air Carrier Status Lessee will continue to be a Section 1110 Person authorized to engage in air transportation under 49 U S C subtitle VII

9 Replacement and Pooling of Parts, Alterations, Modifications, and Additions

9 1 Replacement of Parts Except as otherwise provided in the Lease, Lessee or any Permitted Sublessee, at its own cost and expense, shall promptly replace all Parts (except Removable Improvements) which may from time to time be incorporated in the Aircraft and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair, or unserviceable In addition, in the ordinary course of maintenance, service, repair, overhaul, or testing, Lessee or any Permitted Sublessee may remove any Parts, provided that Lessee or any Permitted Sublessee shall replace such Parts (except Removable Improvements) as promptly as practicable Any Part (except Removable Improvements) removed for use on another aircraft will be replaced within 48 hours All replacement Parts (except Removable Improvements) shall be free and clear of all Liens, except Permitted Liens, and shall be in good operating condition and of the same or improved make, model, performance, and interchangeable modification status as the replaced Parts

9 2 Title to Replaced and Replacement Parts All Parts owned by Lessor at any time removed from the Aircraft shall remain the property of Lessor, no matter where located, until such time as (i) such Parts shall be replaced by Parts which have been incorporated in the Aircraft and which meet the requirements for replacement Parts specified above, and (ii) title thereto shall have passed to Lessor according to the governing law and the lex situs, free and clear of all Liens (except Lessor's Liens) Immediately upon any

replacement Part's becoming incorporated in the Aircraft as above provided, such replacement Part shall become subject to the Lease and be deemed part of the Aircraft for all purposes hereof to the same extent as the Parts originally incorporated in the Aircraft, and, without further act, (iii) title to the removed Part (if not a Removable Improvement) shall vest in Lessee or any Permitted Sublessee, free and clear of all rights of Lessor, (iv) title to such replacement Part shall (unless replacing a Removable Improvement) vest in Lessor, and (v) such replacement Part shall become subject to this Agreement and be deemed part of the Aircraft for all purposes hereof to the same extends as the Parts originally incorporated in the Aircraft Lessee or any Permitted Sublessee shall, at its own expense, take all such steps and execute, and procure the execution of, all such instruments as Lessor may require and which are necessary to ensure that title to any such replacement Part as aforesaid passes to Lessor

9 3 Pooling Any Part removed from the Aircraft as provided above may be subjected by Lessee or any Permitted Sublessee to a normal pooling arrangement customary in the airline industry entered into in the ordinary course of Lessee's or any Permitted Sublessee's business with other licensed air carriers, provided the Part which replaces such removed Part shall be incorporated in the Aircraft in accordance with the above requirements immediately upon the removal of such removed Part In addition, any replacement Part, when incorporated in the Aircraft in accordance with the above requirements, may be owned by another such air carrier subject to such normal pooling arrangement, provided that Lessee or any Permitted Sublessee ensures that the Part so removed (if not a Removable Improvement) remains the property of Lessor, and that Lessee or any Permitted Sublessee, at its expense, immediately thereafter either (1) causes title to such replacement Part (if not a Removable Improvement) to vest in Lessor in accordance with § 2A and § 2B above by Lessee's acquiring title thereto for the benefit of, and transferring such title to, Lessor, free and clear of all Liens except Permitted Liens, or (2) replaces such replacement part (if not a Removable Improvement) by causing to be incorporated in the Aircraft a further replacement Part owned by Lessee or a Sublessee free and clear of all Liens except Permitted Liens and by causing title to such further replacement Part to vest in Lessor in accordance with § 2A and § 2B above

9 4 Alterations, Modifications, and Additions Lessee will make such alterations and modifications in and additions to each Item of Equipment as may be required from time to time to meet the requirements of the FAA or other governmental authority having jurisdiction and to maintain the Standard Airworthiness Certificate for the Aircraft, *provided*, that Lessee or a Permitted Sublessee may in good faith and by appropriate procedures contest the validity or application of such requirements in any reasonable manner which does not materially adversely affect Lessor's interest in the Aircraft In addition, Lessee may from time to time make such alterations to, modifications in, and additions to any Item as Lessee may deem desirable in the proper conduct of its business, including removal of Parts (not to exceed $50,000 in aggregate value of Parts

removed and not replaced during the Term) which Lessee deems obsolete or no longer suitable or appropriate for use in the Aircraft, *provided* that no such alteration, modification, addition, or removal shall materially diminish the fair market value, utility, or remaining useful life of any Item, or impair the condition or airworthiness thereof, below the fair market value, utility, condition, airworthiness, or remaining useful life thereof immediately before such alteration, modification, or addition, or removal, assuming that such Item was then of the value and utility required to be maintained by the terms of this Lease Title to all Parts incorporated in any Item as the result of such alteration, modification, or addition shall, without further act, vest in the Lessor, except that title to Removable Improvements shall remain in or may be transferred to Lessee or any third-party owner Lessee may, at any time during the Term, remove any "*Removable Improvement*", which for purposes hereof shall mean any Part that (a) is in addition to, and not in replacement of or substitution for (1) any Part originally incorporated in an Item at the time of original delivery thereof to Lessee, or (2) any Part in replacement of or substitution for any such Part, (b) is not required to be incorporated in such Item pursuant to the terms of this § 2D, and (c) can be removed from such Item without causing material damage to such Item (unless such damage is promptly repaired) and without materially diminishing the value or utility required to be maintained by the terms of this Lease which such Item would have had at such time had such alteration, modification, or addition not been made Upon the removal by Lessee of any Part as provided in the immediately preceding two sentences, title thereto (if previously in Lessor) shall, without further act, vest in Lessee and such Part shall no longer be deemed part of the Item from which it was removed Any Part not removed by Lessee prior to the return of the related Item to Lessor hereunder shall, subject to such rights as any third party may have, remain (or, in the case of a Removable Improvement, become) the property of Lessor

10 Quiet Enjoyment

Lessor covenants that it shall not, except as expressly permitted herein, disturb (or permit any Person acting by, through, or under Lessor to disturb) Lessee's or any Permitted Sublessee's possession and use of the Aircraft, or take (or permit any such Person to take) any action inconsistent with Lessee's right peacefully and quietly to hold, possess, and use each Item of Equipment hereunder

11 Loss, Destruction, Requisition, etc

11 1 Event of Loss to Airframe Upon the occurrence of an Event of Loss to the Airframe, Lessee shall (x) forthwith (and in any event within 15 days after such occurrence) give to Lessor written notice of such Event of Loss identifying Lessee's election to replace the Airframe or to make the payment in accordance with § 11 1(b), and (y) comply with § 11 1(b), unless, within 30 days after such occurrence, no Event of Default shall exist and Lessee shall have given to Lessor written notice of Lessee's election to replace the Airframe pursuant to § 11 1(a)

(a) Replacement of Airframe If Lessee so elects to replace the Airframe, then on or before the 180th day following the date of occurrence of such Event of Loss, Lessee shall convey or cause to be conveyed to Lessor, to be leased by Lessee hereunder, a Replacement Airframe (which need not be new), together with the same number of Replacement Engines and Replacement Propellers as the Engines and Propellers, if any, as to which an Event of Loss has occurred, which Replacement Airframe, Replacement Engines, and Replacement Propellers shall be free and clear of all Liens (except Permitted Liens) If Lessee does not perform its obligation to effect such replacement hereunder during the period of time provided herein, then Lessee shall pay to Lessor, on the 181st day following the date of occurrence of such Event of Loss in the manner and in funds of the type specified in § 4 4, the Stipulated Loss Value for the Aircraft in accordance with § 11 1(b)

(b) Payment of Stipulated Loss Value and Rent If Lessee does not so elect to replace the Airframe, then on or before the Business Day before the earlier of (1) the 181st day after the date of the occurrence of such Event of Loss, or (2) 10 days after the receipt of any and all insurance proceeds with respect to such occurrence (the *"Loss Payment Date"*), Lessee shall pay to Lessor, in the manner and in funds of the type specified in § 4 4, an amount equal to the sum of (aa) the Stipulated Loss Value for the Aircraft calculated as of the Payment Date following the Event of Loss (the *"Loss Computation Date"*), (bb) any installment of Basic Rent (under Schedule 2) due and unpaid prior to the Loss Computation Date, (cc) all Supplemental Rent then due and owing on the Loss Payment Date, and (dd) interest on the amounts described in clause (aa) and (bb) of this § 11 1(b) from the Loss Computation Date to the Loss Payment Date at the Stipulated Interest Rate Lessee shall be entitled to a credit against the amount determined in accordance with the preceding sentence equal to the sum of (x) any amounts of Basic Rent paid (under Schedule 2) by Lessee for the period, if any, on and after the Loss Computation Date plus (y) interest from the Loss Computation Date to the Loss Payment Date on each such amount of Basic Rent at the Stipulated Interest Rate

(c) Termination Upon Payment of SLV Upon payment in full of the amount required pursuant to § 11 1(b)(aa), (1) Lessee's obligation to pay Basic Rent hereunder with respect to the Aircraft for any period commencing on or after the Loss Computation Date shall terminate, (2) the Term shall end, and (3) Lessor will (subject to the rights of any insurer) transfer to Lessee all right, title, and interest in the Aircraft conveyed to Lessor, "as-is, where-is", free and clear of Lessor's Liens but otherwise without recourse or warranty, express or implied

(d) Payment of Basic Rent Pending Replacement In the event of the replacement of the Airframe and any Engine(s) or Propeller(s) pursuant to § 11 1(a), during the period between the occurrence of the Event of Loss and date of such replacement, the obligation of Lessee to pay Basic Rent shall continue

(e) Conditions to Replacement of Aircraft Lessee's right to replace contemplated by § 11 1(a) shall be subject to the fulfillment, in addition to the requirements contained in § 11 1(a), of the conditions precedent set forth below

(1) No Event of Default shall exist on the replacement date

(2) On or before the replacement date, Lessee will (all writing referred to below to be reasonably satisfactory in form and substance to Lessor)

(aa) furnish Lessor with a full warranty (as to title) bill or bills of sale duly conveying to Lessor the Replacement Airframe and any Replacement Engine(s) and Replacement Propeller(s), together with such evidence of title as Lessor reasonably requests,

(bb) deliver to Lessor for execution a Lease Supplement subjecting such Replacement Airframe and any Replacement Engine(s) and Replacement Propeller(s) to this Lease, duly executed by Lessee, and, upon such execution, cause that Lease Supplement to be duly filed for recordation with the FAA to the extent permitted by law (or, if the Aircraft was at the time of the Event of Loss subject to registration under the laws of a country other than the United States, duly filed for recordation under the laws of such county),

(cc) furnish Lessor with such evidence of compliance with the insurance provisions of § 12 with respect to the Replacement Airframe and any Replacement Engine(s) and Replacement Propeller(s) as Lessor reasonably requests,

(dd) furnish Lessor with a certificate to the effect that the Replacement Airframe and any Replacement Engine(s) and Replacement Propeller(s) have a value, utility, and remaining useful life at least equal to that of the Airframe and any Engine(s) or Propeller(s) so replaced (determined without regard to hours or cycles remaining until the next scheduled overhaul, but assuming the Airframe, Engine(s), and Propeller(s) replaced were in the condition and repair required by the terms hereof immediately before such Event of Loss occurred), and

(ee) take such other actions and furnish such other certificates and documents as Lessor reasonably requests in order that the Replacement Airframe and any Replacement Engine(s) and Replacement Propeller(s) be duly and properly titled in Lessor and leased hereunder to the same extent as the Airframe and any Engine(s) or Propeller(s) replaced thereby

(f) Recordation and Opinions Promptly after the registration of any

such Replacement Airframe and the recordation of a Lease Supplement covering any such Replacement Airframe and any Replacement Engine(s) or Replacement Propeller(s) at the FAA (or, if the Aircraft was at the time of the Event of Loss subject to registration under the laws of a country other than the United States, under the laws of such country), Lessee will cause to be delivered to Lessor an opinion of counsel reasonably satisfactory to Lessor as to the due registration of the Replacement Aircraft and the due recordation of such Lease Supplement at the FAA or pursuant to such other laws, as the case may be

(g) Conveyance Upon compliance by Lessee with clauses (a), (d), (e), and (f) of this § 11 1, Lessor will (subject to the rights of any insurer) transfer to Lessee all right, title, and interest conveyed to Lessor in the replaced Airframe and any replaced Engine(s) or Propeller(s), "as-is, where-is", free and clear of Lessor's Liens but otherwise without recourse or warranty, express or implied

11 2 Event of Loss to an Engine or Propeller

(a) Event of Loss Upon the occurrence of an Event of Loss to an Engine or Propeller under circumstances in which no Event of Loss to the Airframe has occurred, Lessee shall give Lessor prompt written notice thereof and shall, within 180 days after the occurrence of such Event of Loss (but in no case later than the last day of the Term), convey or cause to be conveyed to Lessor, as replacement for the Engine or Propeller with respect to which such Event of Loss occurred, title to a Replacement Engine or Replacement Propeller, respectively, free and clear of Liens (other than Permitted Liens)

(b) Conditions, Lessee's Obligations Before or at the time of any such conveyance, Lessee will

(1) furnish Lessor with a bill of sale duly conveying to Lessor such Replacement Engine or Replacement Propeller, together with such evidence of title as Lessor reasonably requests,

(2) cause a Lease Supplement, subjecting such Replacement Engine or Replacement Propeller to this Lease, duly executed by Lessee, to be delivered to Lessor for execution and, upon such execution, to be duly filed for recordation with the FAA (or, if the Aircraft was at the time of the Event of Loss subject to registration under the laws of a country other than the United States, duly filed for recordation under the laws of such country),

(3) furnish Lessor with such evidence of compliance with the insurance provisions of § 12 with respect to such Replacement Engine or Replacement Propeller as Lessor reasonably requests,

(4) furnish Lessor with a certificate, signed on Lessee's behalf by an officer having maintenance responsibility or by an engineer, to the

effect that such Replacement Engine or Replacement Propeller has a value, utility, and remaining useful life at least equal to that of the Engine or Propeller so replaced (determined without regard to hours or cycles remaining until the next scheduled overhaul, but assuming that such Engine or Propeller was in the condition and repair required by the terms hereof immediately before that Event of Loss occurred), and

(5) take such other actions and furnish such other certificates and documents as Lessor reasonably requests in order that such Replacement Engine or Replacement Propeller be duly and properly titled in Lessor and leased hereunder to the same extent as the Engine or Propeller replaced thereby

(c) Recordation and Opinions Promptly after the recordation of the Lease Supplement covering any such Replacement Engine or Replacement Propeller at the FAA (or, if the Aircraft was at the time of the Event of Loss subject to registration under the laws of a country other than the United States, pursuant to the laws of such country), Lessee will cause to be delivered to Lessor an opinion of counsel reasonably satisfactory to Lessor as to the due recordation of such Lease Supplement pursuant to 49 U S C subtitle VII (or such other laws)

(d) Conveyance, Replaced Engine or Propeller Upon compliance by Lessee with the terms of this § 11 2, Lessor will (subject to the rights of any insurer) transfer to Lessee all right, title, and interest conveyed to Lessor in such replaced Engine or Propeller, "as-is, where-is", free and clear of Lessor's Liens but otherwise without recourse or warranty, express or implied

(e) No Reduction of Basic Rent No Event of Loss with respect to an Engine or Propeller under the circumstances contemplated by this § 11 2 shall result in any reduction of Basic Rent

11 3 Application of Payments for Requisition of Title Any payments (other than insurance proceeds, the application of which is provided for in § 12) received at any time by Lessor, Lessee, or any Permitted Sublessee from any governmental authority or other Person with respect to any Event of Loss will be applied as follows so much of such payments as do not exceed the amounts payable pursuant to § 11 1 and any other amounts due and owing to Lessor hereunder shall be applied to pay such amounts (or reimburse Lessee for its payment of such amounts), and the balance, if any, of such payment remaining thereafter shall be paid over to Lessee

11 4 Requisition of Use In the event of the requisition for use by the Government of the Airframe during the Term, Lessee shall promptly notify Lessor of such requisition and all of Lessee's obligations under this Lease shall continue to the same extent as if such requisition had not occurred, except to the extent that any failure or delay in Lessee's performance or observance of such

obligations (other than obligations for the payment of Rei is caused by such requisition All payments received by Lessor or Lessee from the Government for the use of the Airframe and any Engine(s) or Propeller(s) shall be paid over to, or retained by, Lessee

11 5 Investment of Proceeds Pending Replacement If (a) Lessor has received notice from Lessee pursuant to § 11 1 that, in connection with an Event of Loss, Lessee elects to replace the Aircraft, or (b) an Event of Loss shall occur with respect to an Engine or Propeller and the provisions of § 11 2 apply, or (c) Lessor receives any insurance proceeds pending completion of repairs by Lessee to the Airframe or an Engine or Propeller, Lessor shall, if requested by Lessee and if no Event of Default exists, use its reasonable efforts to invest, at the request, direction, and risk of Lessee, any payments received theretofore or thereafter with respect to the Aircraft or such Engine or Propeller from any insurer under insurance required to be maintained hereunder or from Lessee or from any governmental authority or other party with respect to the applicable Event of Loss or otherwise Any such investments shall be in obligations of the Government or obligations guaranteed as to principal and interest by the Government or United States dollar certificates of deposit issued in the United States by a commercial bank or banks whose senior debt is then rated "A" or better by Standard & Poor's Corporation or Moody's Investors Service, Inc , in each case having a stated maturity not later than one year from the date of the acquisition thereof by Lessor Lessee will pay to Lessor on demand the amount of any loss incurred in connection with any such investment All profits and losses on such investments and any taxes in respect thereof shall be for the account of Lessee In order to make the payments to Lessee provided for in § 11 or 12, Lessor is authorized to sell any such obligations, and Lessor shall not be required to make such payments to Lessee until Lessor has had a reasonable time to sell such obligations and to obtain the sale proceeds therefrom

11 6 Application of Payments During Default Any amount for requisition of title or requisition of use of any Item of Equipment referred to in this § 11 which is payable to or retainable by Lessee (or any Permitted Sublessee) shall not be paid to or retained by Lessee (or any Permitted Sublessee) if at the time of such payment or retention an Event of Default exists, but shall be held by or paid to Lessor and applied against the obligations of Lessee under this Lease, and at such time as no Event of Default exists, such amount shall be paid to Lessee (or such Permitted Sublessee) to the extent not previously applied in accordance with this sentence

12 Insurance

12 1 Liability Insurance Lessee shall maintain (or cause to be maintained) in effect, with insurers of recognized responsibility, aircraft public liability insurance and property damage liability insurance with respect to the Aircraft in an amount not less than that carried by Lessee or a Permitted Sublessee on similar equipment that it operates, and in no event less than

$100,000,000 for any one occurrence, or series of occurrences arising out of any one event, with respect to the Items of Equipment Lessee may self-insure with respect to public liability coverage to the extent permitted by § 12 2 Any policies of insurance carried in accordance with this § 12 1 shall (1) name Lessor as an additional insured as its interests may appear, (2) provide that in respect of the interest of Lessor in such policies, the insurance shall not be invalidated by any action or inaction of Lessee (or, if any sublease is then in effect, any Permitted Sublessee) and shall insure Lessor regardless of any breach or violation of any warranty, declaration, or condition contained in such policies by Lessee (or, if any sublease is then in effect, any Permitted Sublessee), (3) provide that if the insurers cancel such insurance for any reason whatever, or if there is any materially adverse (to Lessor) change in policy terms and conditions or coverage, such cancellation, lapse, or change shall not be effective as to Lessor until 30 days (seven days, or such other period as may from time to time be customarily obtainable in the industry, in the case of war risk and allied perils coverage) after written notice from such insurers of such cancellation, lapse, or change, and (4) provide that Lessor shall not have any obligation or liability for premiums, commissions, assessments, or calls in connection with such insurance Each liability policy shall (i) be primary without right of contribution from any other insurance which is carried by Lessor, (ii) expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering Lessor, and (iii) waive any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of Lessor to the extent of any money due to Lessor

12 2 Casualty Insurance Lessee shall maintain (or cause to be maintained) in effect with insurers of recognized responsibility (a) all-risk ground and flight aircraft hull insurance covering the Aircraft, and (b) fire and extended coverage with respect to any Engines while removed from the Aircraft, and (c) at all times that the Aircraft or any Engine is not covered by the insurance described in § 12 3, coverage against the perils of (i) strikes, riots, civil commotions, or labor disturbances, (ii) vandalism, malicious acts, or acts of sabotage, and (iii) hijacking, or unlawful seizure or wrongful exercise of control of the Aircraft or crew in flight made by person or persons on board the Aircraft without the consent of the insured, other than hijacking committed by persons engaged in a program of irregular warfare for terrorist purposes, in each case to the extent insured by the standard "buy-back" provisions to the Common North American Airline War Exclusion Clause as currently available in the United States aviation insurance market or its equivalent Such insurance shall be for an amount not less than the Stipulated Loss Value Lessee may self-insure, by way of deductible or premium adjustment provisions in insurance policies or otherwise, the risks required to be insured against pursuant to § 12 1 and this § 12 2 in such amounts as Lessee customarily maintains with respect to similar aircraft owned or operated by Lessee, but not in amounts greater than those in effect at that time in the aviation insurance industry generally with respect to other similar aircraft or engines and then customarily maintained by major

United States air carriers operating similar equipment to similar destinations, and in any event not more than $1 million per occurrence Any policies carried in accordance with this § 12 2 covering the Aircraft and any policies taken out in substitution or replacement for any such policies shall (1) name Lessor as an additional insured and as a loss payee as its interests may appear, (2) provide that, in the event of a loss involving proceeds in excess of $500,000, the proceeds in respect of such loss up to the amount of Stipulated Loss Value shall be payable to Lessor for application pursuant to the provisions of this Lease and the entire amount of any loss involving proceeds of $500,000 or less (unless an Event of Default exists and the insurers have been notified thereof by Lessor) shall be paid to Lessee or its order, (3) provide that if such insurance is cancelled for any reason whatsoever, or any materially adverse (to Lessor) change is made in policy terms, conditions, or coverage, or such insurance is allowed to lapse for non-payment of premium, such cancellation, change, or lapse shall not be effective as to Lessor for 30 days (seven days, or such other period as may from time to time be customarily obtainable in the industry, in the case of war risk and allied perils coverage), after written notice from such insurers of such cancellation, lapse, or change, (4) provide that losses shall be adjusted with Lessee, (5) provide that in respect of Lessor, such insurance shall not be invalidated by any action or inaction of Lessee (or if any sublease is then in effect, any Permitted Sublessee) and shall insure Lessor regardless of any breach contained in such policies by Lessee (or if any sublease is then in effect, any Permitted Sublessee), (6) be primary without right of contribution from any other insurance which is carried by Lessor with respect to its interest in the Aircraft, (7) waive any right of subrogation of the insurers against Lessor, (8) waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of a liability of Lessor or Lessee (or any Permitted Sublessee) to the extent of any money due to Lessor, and (9) provide that Lessor shall not have any obligation or liability for premiums, commissions, assessments, or calls in connection with such insurance

12 3 War-Risk Insurance If at any time

(a) any Item is operated in a war zone or a recognized area of hostilities, or

(b) Lessee customarily maintains such insurance for similar aircraft owned or operated by Lessee by reason of being operated to the same destination as the Aircraft is being operated, or

(c) it is an industry standard of scheduled United States air carriers to maintain such insurance on aircraft being operated to the same destination by reason of operation to such destination,

then Lessee shall maintain (or cause to be maintained) war-risk insurance (or Government indemnification in lieu thereof) in an amount not less than the

Stipulated Loss Value of the Item(s) involved (but subject to deductibles or self-insurance specified in § 12 2)

12 4 Application of Proceeds Provided no Event of Default exists, all insurance payments received under policies required to be maintained pursuant to § 12 as the result of the occurrence of an Event of Loss shall be applied in accordance with § 11 3 Insurance payments relating to any property damage or loss to any Item not constituting an Event of Loss thereto will be applied to pay for repairs or for replacement property in accordance with the terms of § 6 and § 9, if not already paid for by Lessee (or to reimburse Lessee for such repairs or replacements already paid for by Lessee), and any balance remaining after compliance with such sections with respect to such loss shall be paid to Lessee Any amount representing proceeds of insurance required to be maintained by Lessee hereunder which is payable to or retainable by Lessee (or any Permitted Sublessee) shall not be paid to or retained by Lessee (or any Permitted Sublessee) if at the time of such payment an Event of Default exists, but shall be held by or paid to Lessor as security for the obligations of Lessee under this Lease and such amount (to the extent not previously applied against such obligations) shall be paid to Lessee (or any Permitted Sublessee) at such time as no Event of Default exists

12 5 Reports, etc On or before the Delivery Date, and at least once a year thereafter, Lessee will furnish to Lessor a report signed by a firm of independent insurance brokers then retained by Lessee, attaching certificates evidencing the insurance and reinsurance then carried and maintained with respect to the Aircraft and stating that in the opinion of such firm the insurance then carried or maintained with respect to the Aircraft complies with the terms hereof Lessee will cause such firm to notify Lessor in writing promptly of any default in the payment of any premium and of any other act or omission on the part of Lessee of which they have knowledge which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft The endorsements required by this § 12 may be subject to any reasonable limitations on endorsements generally prevailing in the airline insurance marketplace (for example, on the date of this Lease, AVN 67B)

12 6 Governmental Indemnification in Lieu of Insurance In the event of the requisition for use by the Government of any Item of Equipment during the Term, Lessee shall maintain or cause to be maintained such insurance as would otherwise be required hereunder, *provided* that Lessor shall accept, in lieu of any such insurance coverage, indemnification or insurance from the Government which is in all material respects the same as that required hereunder so long as Lessee delivers to Lessor documentation substantiating such coverage reasonably acceptable to Lessor

12 7 Additional Insurance Lessee at its option may obtain insurance with respect to its interest in the Aircraft, provided that such insurance does not prevent Lessee from obtaining the insurance required by this § 12 No such

insurance shall be subject to this § 12 Lessor may carry for its own account at its sole expense insurance with respect to its interest in the Aircraft, but in no event shall such insurance prevent Lessee from carrying insurance required by this § 12 Any insurance carried by Lessor shall require its insurers to waive all rights to salvage

13 Liens

Lessee shall not, directly or indirectly, create, incur, assume, or suffer to exist any Lien on or with respect to any Item of Equipment, title thereto, or any interest therein, or in this Lease, except (i) the rights of Lessor and Lessee as provided herein and in the other Operative Documents, and the rights of Lessee and others permitted by § 6 and § 9, (ii) Lessor's Liens, (iii) Liens for taxes, assessments, or other governmental charges owing by Lessee (or any Permitted Lessee) either not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any unreasonable danger of the sale, forfeiture, or loss of any Item or interest therein, (iv) materialmen's, mechanics', workmen's, repairmen's, employees', or other like liens arising in the ordinary course of Lessee's (or any Permitted Sublessee's) business, securing obligations that are not yet delinquent or are being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any unreasonable danger of sale, forfeiture, or loss of any Item of Equipment or any interest therein, (v) Liens arising out of any judgment or award against Lessee (or any Permitted Sublessee), unless the judgment or award secured shall not, within 30 days after entry thereof, (x) have been discharged, vacated, or reversed, or (y) have had the execution thereof stayed pending appeal and shall not have been discharged, vacated, or reversed within 30 days after the expiration of such stay, and (vi) any other Lien with respect to which Lessee shall have provided a bond adequate in the reasonable judgment of Lessor Lessee shall promptly, at no expense to Lessor, take such action as may be necessary duly to discharge any such Lien not excepted above if one arises at any time with respect to any Item of Equipment

14 FAA Recordation and Further Assurances

14 1 FAA Recordation Lessee shall cause this Lease, every Lease Supplement, and any and all additional instruments which shall be executed pursuant to the terms hereof, so far as permitted by applicable law or regulations, to be duly filed and recorded, and maintained of record, in accordance with the applicable law of the government of registry of the Aircraft, which shall initially be in the office of the FAA The cost of all such action (including all fees and expenses of special FAA counsel related thereto) shall be paid by Lessee to the extent provided in § 6 of the Participation Agreement

14 2 Further Assurances At Lessee's expense, each party hereto shall promptly and duly execute and deliver to the other party such further documents and promptly take such further action not inconsistent with the terms hereof as the other party may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease or to perfect and protect the rights and, with respect to Lessor, remedies created or intended to be created hereunder

15 Return

Unless Lessee exercises its option to purchase pursuant to § 18 1, then upon the expiration of the Term or the cancellation or termination of this Lease, Lessee will return the Aircraft in accordance with Exhibit C to the Participation Agreement

16 Events of Default

Each of the following shall constitute an *Event of Default*

(a) Lessee fails to make any payment of Basic Rent within two Business Days after Lessee's receipt of notice from Lesser that it is overdue, or fails to make any payment of Supplemental Rent within five Business Days after Lessee's receipt of notice from Lessor that the amount is overdue, or

(b) Lessee fails to maintain any insurance required by § 12, *provided*, that no such Event of Default shall exist so long as (i) the Aircraft is not flown without the insurance coverage required by § 12, (ii) the Aircraft is covered by casualty insurance while on the ground, and (iii) such failure does not exceed 10 consecutive days, or

(c) Lessee or Guarantor fails to perform or observe in any material respect any of the other agreements to be performed or observed by it under the Operative Documents and such failure continues for 30 days after Lessee's receipt of notice thereof from Lessor, unless (1) such failure is maintenance-related or is caused by a Permitted Sublessee and not by Lessee (*"sublessee-caused"*), (2) Lessee shall be proceeding diligently and in good faith to cure such failure and shall in fact correct such failure within 180 days (if maintenance-related) or 90 days (if not maintenance-related but sublessee-caused) after receiving such notice, and (3) such delay does not in any material respect adversely affect Lessor's interest in the Aircraft or create any material risk of civil fine or criminal liability for Lessor, or

(d) any representation statement, certification, or warranty made by Lessee herein or in the Participation Agreement proves to have been incorrect in any material respect when made and (if the effect of such incorrectness is curable) is not cured within 30 days after Lessee's receipt of written notice thereof from Lessor, or

(e) Lessee or Guarantor consents to the appointment of a custodian, receiver, trustee, or liquidator (or other similar official) of itself or of a substantial part of its property, or Lessee or Guarantor makes a general assignment for the benefit of creditors, or files a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any present or future bankruptcy law or an answer admitting the material allegations of a petition filed against Lessee or Guarantor in any such proceeding, or Lessee or Guarantor by voluntary petition, answer, or consent seeks relief as debtor under the provisions of any other present or future bankruptcy or other similar law providing for the reorganization or winding-up of corporations, or providing for an agreement, composition, extension, or adjustment with its creditors, or

(f) a petition is filed against Lessee or Guarantor in a proceeding under any present or future bankruptcy or other insolvency law, and any decree or order adjudging Lessee or Guarantor a bankrupt or insolvent in such proceeding remains in force undismissed and unstayed for 60 days after such adjudication or, if the approval of such petition by a court of competent jurisdiction is required, such a court approves the petition as properly filed and such approval is not withdrawn and the proceeding is not dismissed within 60 days thereafter, or if, under any law providing for reorganization or winding-up of corporations, any court of competent jurisdiction enters an order or decree assuming custody or control of Lessee or Guarantor or of any substantial part of its property and such custody or control remains in force unrelinquished, unstayed, and unterminated for 60 days, or

(g) Guarantor repudiates the Guaranty, or fails to perform any obligation or covenant under the Guaranty, or breaches any warranty thereunder, or an Event of Default occurs under the Guaranty

17 Rights and Remedies

17 1 Remedies Upon the occurrence of any Event of Default and at any time thereafter so long as any Event of Default exists, Lessor may, at its option, declare this Lease to be in default and at any time thereafter, Lessor may do one or more of the following with respect to all or any part of any or all the Items of Equipment as Lessor, in its sole discretion, shall elect

(a) Lessor may cancel this Lease,

(b) Lessor may demand that Lessee, and Lessee shall upon written demand of Lessor and at Lessee's expense, forthwith return the Items of Equipment to Lessor or its order in the manner and condition required by, and otherwise in accordance with all of the provisions of, § 15 as if the Items of Equipment were being returned at the end of the Term, or Lessor may enter upon the premises where any Item of Equipment is located and take immediate possession of and remove it by summary proceeding or otherwise (or, at Lessor's

option, store the same at Lessee's premises and at Lessee's expense until disposal thereof by Lessor), all without liability accruing to Lessor for or by reason of such entry or taking of possession whether for the restoration of damage to property caused by such action or otherwise,

(c) Lessor may proceed by appropriate court action or actions, either at law or in equity, to enforce performance by Lessee of the applicable covenants of this Lease and to recover damages for the breach thereof,

(d) Lessor may sell or cause to be sold any Item of Equipment at public or private sale, as Lessor may determine, in a commercially reasonable manner, or otherwise dispose of, hold, use, operate, lease to others, or keep idle any Item of Equipment as Lessor in its sole discretion may determine, all free of any rights of Lessee and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto,

(e) whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights specified in clauses (a), (b), (c), or (d) of this § 17 1 with respect to any Item, Lessor, by written notice to Lessee specifying a payment date not earlier than 10 days from such written notice, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent payable for the Aircraft for periods commencing on or after the date specified for payment in such notice), any unpaid Rent for the Aircraft payable (under Schedule 2) for periods beginning before the payment date specified in such notice plus an amount equal to the excess, if any, of the present worth of the aggregate unpaid Rent (under Schedule 2) payable under this Lease for the Aircraft, discounted monthly at the Discount Rate, over the fair market rental value therefor, discounted in like manner, or

(f) if, pursuant to clause (d) of this § 17 1, Lessor sells or re-leases any Items of Equipment, then in lieu of exercising its rights under clause (e) above, Lessor may, if it so elects, demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the installments of Basic Rent payable after such date of sale) any unpaid Basic Rent payable (under Schedule 2) before that date plus the amount of any deficiency between the net proceeds of any sale(s) of the Item(s) of Equipment (after deduction of all reasonable costs of sale), or the net present value (discounted at the Discount Rate) of the rents payable under any new lease(s) of the Item(s) of Equipment (after deduction of all reasonable costs of re-leasing), and the Stipulated Loss Value of the Aircraft, computed as of the first Payment Date on or after the date of such sale together with interest, if any, on the amount of such deficiency, at the Default Rate, from the date of such sale to the date of actual payment of such amount

17 2 Further Rights Lessee shall be liable for any and all unpaid Rent and for all legal fees and other costs and expenses incurred by reason of the

occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs or expenses incurred in connection with the return of any Item in accordance with the terms of § 15 or in placing such Item in the condition and with airworthiness certificates as required by that section

17 3 Remedies Cumulative No remedy referred to in this § 17 is intended to be exclusive, but each shall be cumulative and in addition to any other right or remedy referred to above or otherwise available to Lessor at law or in equity including the right to proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof, and the exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or further Event of Default To the extent permitted by applicable law, Lessee hereby waives any and all rights to notice and to a judicial hearing with respect to the repossession of any Item by Lessor upon the occurrence of an Event of Default and agrees that, except as may be required by law, Lessor shall not be required to sell or re-lease the Aircraft in order to reduce, offset, or mitigate the damages for which Lessee is liable hereunder In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid Rent and unpaid Supplemental Payments due hereunder before or during the exercise of any of the foregoing remedies and for all legal fees (including attorneys' fees incurred in any and all judicial and other governmental proceedings, including appellate proceedings, whether such proceedings arise before or after entry of final judgment) and other costs and expenses incurred by Lessor or any Assignee by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Aircraft in accordance with § 15 or in placing the Aircraft in the condition required by § 15 No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease, or otherwise use the Aircraft in mitigation of Lessor's damages, or which may otherwise limit or modify any of Lessor's rights and remedies under this § 17

18 Lessee Options

18 1 Purchase At least 30 days before the Expiration Date, or at least six months before the end of the Term, Lessee shall notify Lessor in writing of its final determination, which shall be irrevocable, whether or not to purchase the Aircraft pursuant to this § 18 1 The purchase price for any such purchase shall be equal to (a) for a purchase on the Expiration Date, an amount equal to the greater of (1) the Fair Market Value of the Aircraft or (2) 21% of the Lessor's Cost, and (b) for a purchase on the last day of the Additional Term, the Fair Market Value of the Aircraft, in each case plus any applicable sales taxes

If Lessee elects to purchase the Aircraft as above provided, then on the Expiration Date or the last day of any Term (as applicable), Lessee shall pay the purchase price and all amounts then due and owing hereunder or under any other Operative Document to Lessor in immediately available funds, and Lessor shall transfer to Lessee, or to any Person designated by Lessee, all right, title, and interest in and to the Aircraft, free and clear of any Lessor's Lien and otherwise **as is**, and without recourse, representation, or warranty, express or implied

Upon payment of (a) such purchase price and applicable sales taxes (if any), (b) all Supplemental Rent then due and owing, and (c) all Basic Rent payable (under Schedule 2) up to but excluding the purchase date, Lessor shall execute and deliver to Lessee, or to Lessee's assignee or nominee, a bill of sale, without representations or warranties, express or implied (except as to the absence of Lessor's Liens), for the Aircraft, together with such other documents as may be required to release the Aircraft from the terms and scope of this Lease and to transfer such title to the Aircraft to Lessee or such assignee or nominee

Lessor and Lessee shall mutually agree upon the Fair Market Value with respect to the purchase options, however, if Lessor and Lessee are unable to agree upon the Fair Market Value within 15 days after Lessor's receipt of Lessee's written notification of the exercise of the option, then, notwithstanding the definition of the term "Appraisal Procedure", the Fair Market Value shall be determined by an Appraiser selected by the Lessee and reasonably acceptable to Lessor The selected Appraiser shall be instructed to perform its appraisal based upon the assumptions specified in the definition of Fair Market Value, and shall complete its appraisal within 20 business days after such selection Any such appraisal shall be final, binding and conclusive on Lessee and Lessor and shall have the legal effect of an arbitration award Lessee and Lessor each shall pay half the fees and expenses of the selected Appraiser

If, on the Expiration Date, the Lessee has not exercised or consummated the purchase option for any reason, then the Term shall be automatically extended for a non-cancelable period of the Additional Term, and Lessee agrees to pay Rent for the Aircraft during the Additional Term as set forth in Schedule 5

18 2 Renewal If no Event of Default exists, upon not less than 90 days before the end of the Additional Term, Lessee may give to Lessor a written notice electing to extend the term of this Lease for a *"Renewal Term"* as provided in this paragraph The Renewal Term following the Additional Term shall be (a) for an indefinite period on a month-to-month basis, or (b) for a set period of not less than one year The Basic Rent during any Renewal Term shall be as set forth in Schedule 1 All of the terms of this Lease shall apply during the entire period of each Renewal Term except that (1) Basic Rent shall be as provided in the

preceding sentence, and (2) Stipulated Loss Value shall be the same as that in effect on the last day of the Additional Term

18 3 Obsolescence Termination Lessee shall have the right, on not less than 90 days' notice to Lessor, to terminate this Lease on the Payment Date specified in such notice (the *"Termination Date"*), but only if (1) Lessee shall have determined that the Aircraft has become economically obsolete or surplus to Lessee's requirements and (2) Lessee shall have delivered to Lessor a certificate of Lessee's chief financial officer, vice president of operations, or chief executive officer to such effect After giving that notice, Lessee shall, as agent for Lessor, use diligent efforts, on a commercially reasonable basis, to obtain cash bids for the purchase of the Aircraft Lessor may, at Lessor's expense, participate in the procuring of such bids Lessee shall certify to Lessor in writing the amount and terms of each bid received by Lessee and the name and address of the Person (which shall not be Lessee or any of its affiliates, but may be Lessor) submitting such bid On the Termination Date, Lessee shall deliver the Aircraft to the bidder, if any, that submitted the highest bid, in the same manner as if delivery were being made to Lessor pursuant to § 15, all in accordance with the terms of § 15, and Lessor shall (subject to receipt of the sale price and all additional payments specified in the next sentence) transfer all Lessor's right, title, and interest in the Aircraft for cash to the bidder that submitted the highest bid Lessor shall retain the sales price realized upon any such sale, and on the Termination Date Lessee shall pay to Lessor (a) the excess, if any, of (x) the Termination Value as of the Termination Date, over (y) the sales price realized on such sale, without deducting any sales commission or similar expense incurred by Lessor in connection with such sale, and (b) any unpaid Basic Rent payable (under Schedule 2) before the Termination Date, and (c) all other amounts then due and owing hereunder or under any other Operative Document In the event of such transfer and upon compliance by Lessee with the provisions of this § 18 3, Lessee's obligation to pay Basic Rent for any Payment Date occurring after the Termination Date shall cease If no sale occurs on the Termination Date, this Lease (including this § 18 3) shall continue in full force and effect as if no notice of termination had been given, *provided*, that if the Aircraft is not sold on the Termination Date as a result of the failure of the successful bidder to purchase the Aircraft, then (x) this Lease (including this § 18 3) shall continue until the Aircraft is sold, but in no event for more than 60 days after the Termination Date, and (y) Lessee shall pay to Lessor rent for each day during such period at a per-diem rental equal to the amount obtained by dividing the portion of Basic Rent for the rental period involved by the number of days in such rental period, *provided, further*, that if the Aircraft is not sold for any reason within such 60-day period, then this Lease (other than this § 18 3) shall continue in full force and effect Lessor shall not be under any duty to solicit bids, to inquire into the efforts of Lessee to obtain bids, or otherwise to take any action in connection with any such sale, other than the obligation of Lessor to transfer the Aircraft as provided above Notwithstanding the foregoing provisions of this § 18 3, Lessee may revoke (but not more than twice times) any notice of termination referred to above at any time by notice to that effect to Lessor, in

which case Lessee shall reimburse Lessor for all reasonable out-of-pocket expenses incurred by it in connection with the revoked termination and this Lease shall continue in full force and effect

18 4 Termination of Engines and Propellers Lessee shall have the right at its option at any time and from time to time during the Term, on at least 30 days' prior written notice to Lessor, to terminate this Lease with respect to an Engine or Propeller In such event, and before the date of such termination, Lessee shall replace such Engine or Propeller by complying with the terms of § 11 2 to the same extent as if an Event of Loss had occurred with respect to such Engine or Propeller, whereupon Lessor shall take the action required of it under § 11 2 with respect to such Engine or Propeller

18 5 Early Termination Provided that (x) no Default of the type described in § 16(a), (e), or (f) exists, and no Event of Default exists, and (y) Lessee gives to Lessor at least 90 days' but no more than 180 days' prior written notice, then Lessee shall have the option to terminate the Lease on the second anniversary of the Delivery Date (the *"Early Termination Date"*) by (1) paying to Lessor a fee (the *"Termination Fee"*) equal to 53 02% of the Lessor's Cost, and (2) returning the Aircraft to Lessor in accordance with, and in the condition required by, the terms and conditions of the Lease Payment of the Termination Fee, together with all other amounts due and owing by Lessee under the Lease (including Rent) on or before the Early Termination Date, shall be made on the Early Termination Date If Lessee fails (a) to pay all amounts required to be paid hereunder on the Early Termination Date, and (b) to return the Aircraft to Lessor, in accordance with, and in the condition required by, the terms and conditions of the Lease, then the Lease shall continue in full force and effect, and Lessee shall reimburse Lessor for all reasonable costs, expenses, and liabilities incurred in connection with Lessee's proposed termination of the Lease under this § 18 5

19 Miscellaneous

19 1 Construction, Governing Law Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction To the extent permitted by applicable law, the parties hereby waive any provision of law which renders any provisions hereof prohibited or unenforceable in any respect No term or provision of this Lease may be changed, waived, discharged, or terminated orally, but only by written instrument signed by the party against which the enforcement of the change, waiver, discharge, or termination is sought The captions in this Lease are for convenience of reference only and are not a substantive part of this Lease This Lease is being delivered in the state of New York and shall in all respects be

governed by, and construed in accordance with, the laws of the state of New York

19 2 Notices All notices, offers, acceptances, approvals, waivers, requests, demands, and other communications hereunder or under any instrument, certificate, or other instrument delivered in connection with the transactions described herein shall be in writing, shall be addressed as provided below, and shall be considered as properly given if given in any manner described in § 10 5 of the Participation Agreement Notice so given shall be effective as provided in § 10 5 of the Participation Agreement Notice given in any other manner shall be effective upon receipt by the addressee

19 3 Lessor's Right to Perform If Lessee fails to perform any of its obligations hereunder, Lessor may (but shall not be obligated to) discharge such obligation, and the amount of the expenses of Lessor incurred in connection with such discharge shall be deemed Supplemental Rent, payable by Lessee upon demand, together with interest thereon at the Default Rate to but excluding the date of payment Lessor shall use diligent efforts to give Lessee prior notice of Lessor's intention to discharge any such obligation Performance by Lessor shall not extend the period of time for Lessee to ensure that both (a) the original obligation has been performed and (b) Lessor has been reimbursed as required by this § 19 3, and an Event of Default shall exist if Lessee fails to accomplish both by the time when failure to perform the original obligation would become an Event of Default

19 4 Counterparts This Lease and each Lease Supplement may be executed in several counterparts, each fully-executed counterpart of which shall be deemed an original, and all such counterparts shall constitute one and the same instrument To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be perfected through the possession of any counterpart other than the counterpart marked as the "Original" on the signature pages thereof

19 5 Survival The representations, warranties, covenants, agreements, and indemnities set forth in this Lease, and the obligations hereunder, shall survive the expiration, cancellation, or other termination of this Lease to the extent required for full performance and satisfaction thereof

19 6 Successors and Assigns This Lease shall bind Lessee, Lessor, and their successors and assigns, and benefit Lessee, Lessor, and their permitted successors and assigns Lessor's assignment rights are subject to § 8 of the Participation Agreement Lessee shall not be entitled to assign any of its rights under this Lease without obtaining Lessor's prior written consent

19 7 Single Agreement, Lease for U S Federal Income Tax Law Purposes Lessee and Lessor agree that this Lease is, and shall be treated as, a lease for

U S federal income tax purposes of the Aircraft This Lease, the Participation Agreement, and the Tax Indemnity Agreement comprise a single agreement as to the leasing of the Aircraft, and are set forth in separate documents for confidentiality reasons, for ease of negotiation, and for other reasons that are not inconsistent with the unitary nature of the leasing agreement

IN WITNESS WHEREOF, Lessor and Lessee have executed and delivered this Lease Agreement N191AE

FIRST SECURITY BANK,
NATIONAL ASSOCIATION,
not in its individual capacity (except as specified) but solely as Owner Trustee

By _____
Title Vice President

AMERICAN TRANS AIR, INC

By _____
Title

[This is a **duplicate** executed counterpart, and is **not** the original counterpart for chattel paper purposes]

IN WITNESS WHEREOF, Lessor and Lessee have executed and delivered this Lease Agreement N191AE

FIRST SECURITY BANK,
NATIONAL ASSOCIATION,
not in its individual capacity (except as specified) but solely as Owner Trustee

By _____
Title

AMERICAN TRANS AIR, INC

By _____
Title Kenneth K Wolff
Executive Vice President & CFO

[This is a **duplicate** executed counterpart, and is **not** the original counterpart for chattel paper purposes]

Equipment Schedule

The Lease covers the following Aircraft one Saab model 340B aircraft consisting of the following

(a) Airframe FAA registration no N191AE, manufacturer's serial no 340B-191

(b) Engines two General Electric model CT7-9B engines (each of which has 750 or more rated takeoff horsepower or the equivalent thereof) bearing manufacturer's serial nos 785571 and 785628

(c) Propellers two Hamilton Standard model 14-RF propellers (each of which is capable of absorbing 750 or more rated takeoff shaft horsepower) bearing manufacturer's serial nos 891143 and 900205

Certain Terms

Basic Rent

(a) for the Base Term, set forth on Schedule 2 hereto, allocated as set forth on Attachment I to Schedule 2,

(b) during the Additional Term, set forth on Schedule 5 hereto,

(c) during a Renewal Term lasting at least 12 months, the Fair Market Rental Value of the Aircraft per quarter, ~~payable in arrears~~;

(d) during a month-to-month Renewal Term, at the same Rent payable at the expiration of the Additional Term

Expiration Date November 7, 2009

Additional Term Expiration Date June 7, 2011

Lessor's Cost $3,500,000 00

Capitalized Transaction Costs 2% of Lessor's Cost

Beneficiary Origination Fee $11,500 00

Beneficiary Documentation Fee $1,000 00

BASIC RENT

Payment Date	Basic Rent (Percentage of Lessor's Cost)
07-Apr-00	14 00000000%
07-May-00	0 00000000%
07-Aug-00	0 00000000%
07-Nov-00	0 00000000%
07-Feb-01	22 41794543%
07-May-01	0 00000000%
07-Aug-01	0 00000000%
07-Nov-01	0 00000000%
07-Feb-02	13 32363971%
07-May-02	0 00000000%
07-Aug-02	0 00000000%
07-Nov-02	0 00000000%
07-Feb-03	13 32363971%
07-May-03	0 00000000%
07-Aug-03	0 00000000%
07-Nov-03	0 00000000%
07-Feb-04	12 96026743%
07-May-04	0 00000000%
07-Aug-04	0 00000000%
07-Nov-04	0 00000000%
07-Feb-05	10 90118257%
07-May-05	0 00000000%
07-Aug-05	0 00000000%
07-Nov-05	0 00000000%
07-Feb-06	10 90118257%
07-May-06	0 00000000%
07-Aug-06	0 00000000%
07-Nov-06	0 00000000%
07-Feb-07	10 90118257%
07-May-07	0 00000000%
07-Aug-07	0 00000000%
07-Nov-07	0 00000000%
07-Feb-08	9 76288486%
07-May-08	0 00000000%
07-Aug-08	0 00000000%
07-Nov-08	0 00000000%
07 Feb-09	0 00000000%
07-May-09	0 00000000%
07-Aug-09	0 00000000%
07-Nov-09	0 00000000%

Attachment I to
Schedule 2
Basic Rent Lease Agreement
N191AE

Basic Rent Allocation

Lease Periods (Calendar year)	Basic Rent Allocation (Percentage of Lessor's Cost)	Timing of Payments of Allocated Rent: Amount (Percentage of Lessor's Cost)	Timing of Payments of Allocated Rent: Rent Payment Date
2000	9 77066600%	9 77066600%	07-Apr-00
2001	13 32363971%	4 22933400% 9 09430571%	07-Apr-00 07-Feb-01
2002	13 32363971%	13 32363971%	07-Feb-01
2003	13 32363971%	13 32363971%	07-Feb-02
2004	13 32363971%	13 32363971%	07-Feb-03
2005	12 96026743%	12 96026743%	07-Feb-04
2006	10 90118257%	10 90118257%	07-Feb-05
2007	10 90118257%	10 90118257%	07-Feb-06
2008	10 90118257%	10 90118257%	07-Feb-07
2009	9 76288486%	9 76288486%	07-Feb-08

STIPULATED LOSS VALUE

Date	Percentage of Lessor's Cost*
07-Apr-00	102 00000000
07-May-00	88 75781600
07-Jun-00	89 51976743
07-Jul-00	90 28216143
07-Aug-00	91 04871486
07-Sep-00	91 81945114
07-Oct-00	92 59067800
07-Nov-00	93 36611429
07-Dec-00	94 14577886
07-Jan-01	94 92598514
07-Feb-01	95 71044914
07-Mar-01	73 88724686
07-Apr-01	74 48523600
07-May-01	75 07741743
07-Jun-01	75 67283114
07-Jul-01	76 26242343
07-Aug-01	76 85523314
07-Sep-01	77 45127714
07-Oct-01	78 04150343
07-Nov-01	78 63495057
07-Dec-01	79 23163600
07-Jan-02	79 82250743
07-Feb-02	80 41660257
07-Mar-02	67 57499771
07-Apr-02	68 05966886
07-May-02	68 54350486
07-Jun-02	69 02998029
07-Jul-02	69 51563429
07-Aug-02	70 00393829
07-Sep-02	70 49490629
07-Oct-02	70 98507829
07-Nov-02	71 47792400
07-Dec-02	71 97345857
07-Jan-03	72 46822114
07-Feb-03	72 96568371
07-Mar-03	60 02691971
07-Apr-03	60 41389686

*Such amounts are inclusive of Basic Rent payable on such date

Schedule
Stipulated Loss Val
Lease Agre e
N A

STIPULATED LOSS VALUE

Date	Percentage of Lessor's Cost*
07-May-03	60 80350657
07-Jun-03	61 19523943
07-Jul-03	61 58962943
07-Aug-03	61 98617200
07-Sep-03	62 38487743
07-Oct-03	62 78627771
07-Nov-03	63 18986886
07-Dec-03	63 59566086
07-Jan-04	64 00418943
07-Feb-04	64 41494486
07-Mar-04	51 75551857
07-Apr-04	52 05800143
07-May-04	52 36550800
07-Jun-04	52 67469429
07-Jul-04	52 98893743
07-Aug-04	53 30489657
07-Sep-04	53 62257829
07-Oct-04	53 94536743
07-Nov-04	54 26991829
07-Dec-04	54 59623914
07-Jan-05	54 92771543
07-Feb-05	55 26099914
07-Mar-05	44 60058286
07-Apr-05	44 84266143
07-May-05	45 08914514
07-Jun-05	45 33697314
07-Jul-05	45 58923600
07-Aug-05	45 84287571
07-Sep-05	46 09790057
07-Oct-05	46 35739229
07-Nov-05	46 61830886
07-Dec-05	46 88064657
07-Jan-06	47 14749886
07-Feb-06	47 41580571
07-Mar-06	36 69005771
07-Apr-06	36 86644971
07-May-06	37 04524086

*Such amounts are inclusive of Basic Rent payable on such date

STIPULATED LOSS VALUE

Date	Percentage of Lessor's Cost*
07-Jun-06	37 22500743
07-Jul-06	37 40719114
07-Aug-06	37 59036886
07-Sep-06	37 77454629
07-Oct-06	37 96116514
07-Nov-06	38 14879971
07-Dec-06	38 33746429
07-Jan-07	38 52859143
07-Feb-07	38 72076114
07-Mar-07	27 91846171
07-Apr-07	28 01788286
07-May-07	28 12285114
07-Jun-07	28 22839171
07-Jul-07	28 33951314
07-Aug-07	28 45123971
07-Sep-07	28 56357829
07-Oct-07	28 68152943
07-Nov-07	28 80012829
07-Dec-07	28 91937171
07-Jan-08	29 04427029
07-Feb-08	29 16985029
07-Mar-08	19 44874686
07-Apr-08	19 49075171
07-May-08	19 54156114
07-Jun-08	19 59264571
07-Jul-08	19 65258114
07-Aug-08	19 71284343
07-Sep-08	19 77343400
07-Oct-08	19 84292686
07-Nov-08	19 91279857
07-Dec-08	19 98305143
07-Jan-09	20 06225857
07-Feb-09	20 14189886
07-Mar-09	20 22196914
07-Apr-09	20 30248571
07-May-09	20 39200971
07-Jun-09	20 48201486

*Such amounts are inclusive of Basic Rent payable on such date

STIPULATED LOSS VALUE

Date	Percentage of Lessor's Cost*
07-Jul-09	20 58108743
07-Aug-09	20 68069971
07-Sep-09	20 78085657
07-Oct-09	20 89013000
07-Nov-09	21 00000000

*Such amounts are inclusive of Basic Rent payable on such date

Schedule 4
Termination Value
Lease Agreement
N191AE

TERMINATION VALUE

Date	Percentage of Lessor's Cost*
07-Apr-00	102 00000000
07-May-00	88 75781600
07-Jun-00	89 51976743
07-Jul-00	90 28216143
07-Aug-00	91 04871486
07-Sep-00	91 81945114
07-Oct-00	92 59067800
07-Nov-00	93 36611429
07-Dec-00	94 14577886
07-Jan-01	94 92598514
07-Feb-01	95 71044914
07-Mar-01	73 88724686
07-Apr-01	74 48523600
07-May-01	75 07741743
07-Jun-01	75 67283114
07-Jul-01	76 26242343
07-Aug-01	76 85523314
07-Sep-01	77 45127714
07-Oct-01	78 04150343
07-Nov-01	78 63495057
07-Dec-01	79 23163600
07-Jan-02	79 82250743
07-Feb-02	80 41660257
07-Mar-02	67 57499771
07-Apr-02	68 05966886
07-May-02	68 54350486
07-Jun-02	69 02998029
07-Jul-02	69 51563429
07-Aug-02	70 00393829
07-Sep-02	70 49490629
07-Oct-02	70 98507829
07-Nov-02	71 47792400
07-Dec-02	71 97345857
07-Jan-03	72 46822114
07-Feb-03	72 96568371
07-Mar-03	60 02691971
07-Apr-03	60 41389686

* Such amounts are inclusive of Basic Rent payable on such date

TERMINATION VALUE

Date	Percentage of Lessor's Cost*
07-May-03	60 80350657
07-Jun-03	61 19523943
07-Jul-03	61 58962943
07-Aug-03	61 98617200
07-Sep-03	62 38487743
07-Oct-03	62 78627771
07-Nov-03	63 18986886
07-Dec-03	63 59566086
07-Jan-04	64 00418943
07-Feb-04	64 41494486
07-Mar-04	51 75551857
07-Apr-04	52 05800143
07-May-04	52 36550800
07-Jun-04	52 67469429
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07-Jan-05	54 92771543
07-Feb-05	55 26099914
07-Mar-05	44 60058286
07-Apr-05	44 84266143
07-May-05	45 08914514
07-Jun-05	45 33697314
07-Jul-05	45 58923600
07-Aug-05	45 84287571
07-Sep-05	46 09790057
07-Oct-05	46 35739229
07-Nov-05	46 61830886
07-Dec-05	46 88064657
07-Jan-06	47 14749886
07-Feb-06	47 41580571
07-Mar-06	36 69005771
07-Apr-06	36 86644971
07-May-06	37 04524086

* Such amounts are inclusive of Basic Rent payable on such date

TERMINATION VALUE

Date	Percentage of Lessor's Cost*
07-Jun-06	37 22500743
07-Jul-06	37 40719114
07-Aug-06	37 59036886
07-Sep-06	37 77454629
07-Oct-06	37 96116514
07-Nov-06	38 14879971
07-Dec-06	38 33746429
07-Jan-07	38 52859143
07-Feb-07	38 72076114
07-Mar-07	27 91846171
07-Apr-07	28 01788286
07-May-07	28 12285114
07-Jun-07	28 22839171
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07-Oct-07	28 68152943
07-Nov-07	28 80012829
07-Dec-07	28 91937171
07-Jan-08	29 04427029
07-Feb-08	29 16985029
07-Mar-08	19 44874686
07-Apr-08	19 49075171
07-May-08	19 54156114
07-Jun-08	19 59264571
07-Jul-08	19 65258114
07-Aug-08	19 71284343
07-Sep-08	19 77343400
07-Oct-08	19 84292686
07-Nov-08	19 91279857
07-Dec-08	19 98305143
07-Jan-09	20 06225857
07-Feb-09	20 14189886
07-Mar-09	20 22196914
07-Apr-09	20 30248571
07-May-09	20 39200971
07-Jun-09	20 48201486

* Such amounts are inclusive of Basic Rent payable on such date

TERMINATION VALUE

Date	Percentage of Lessor's Cost*
07-Jul-09	20 58108743
07-Aug-09	20 68069971
07-Sep-09	20 78085657
07-Oct-09	20 89013000
07-Nov-09	21 00000000

* Such amounts are inclusive of Basic Rent payable on such date.

Schedule 5
N191AE

Additional Term Rent

Date	Rent (Percentage of Lessor's Cost)
07-Feb-10	11 59674943%
07-May-10	1 19228200%
07-Aug-10	1 19228200%
07-Nov-10	1 06523114%
07-Feb-11	0 42919714%
07-Jun-11	1 28759143%

Claim No 19 **Exhibit (Part 1 of 2)** **Exhibit (Part 2 of 2)**	*Creditor Name* Key Equipment Finance 127 Public Square Fifth Floor Cleveland, Ohio 44114-1306	*Last Date to File Claims* *Last Date to File (Govt)* 04/24/2005 *Filing Status* *Docket Status* *Late* N
Claim Date 01/21/2005	*Amends Claim No* *Amended By Claim No*	*Duplicates Claim No* *Duplicated By Claim No*
Class	**Amount Claimed**	**Amount Allowed**
Unknown	$2039825 14	
Total	**$2039825 14**	
Description Lease 8800019141 (Aircraft N301CE)		
Remarks		

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re: ATA Holdings Corp, *et al.*,
Case No. 04-19866

DOCUMENTS APPENDED TO CLAIM

On March 1, 2006, Document(s) appended to Claim Number 1345 for the following reason

- ☒ Stipulation/Order
- ☐ New Supporting Documents
- ☐ Change of Address
- ☐ Withdrawal of Claim
- ☐ Other

SO ORDERED February 27, 2006

Basil H Lorch III
United States Bankruptcy Judge

IN THE UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF INDIANA
INDIANAPOLIS DIVISION

In re	)	Chapter 11
	)	
ATA Holdings Corp , et al ,[1]	)	Case No 04-19866
	)	(Jointly Administered)
Debtors	)	

ORDER APPROVING STIPULATION AND AGREED ENTRY ALLOWING CERTAIN CLAIMS OF KEY EQUIPMENT FINANCE INC

This matter is before the Court upon the Stipulation and Agreed Entry Allowing Certain Claims of Key Equipment Finance Inc , filed by ATA Holdings Corp ("Holdings"), ATA Airlines, Inc ("ATA"), ATA Leisure Corp ("Leisure"), ATA Cargo, Inc ("Cargo") and American Trans Air Execujet, Inc ("Execujet," and together with Holdings, ATA, Leisure and Cargo, the "Reorganizing Debtors"), and Key Equipment Finance Inc ("Key") (the "Stipulation")[2] The Court, having reviewed the Stipulation, and being otherwise duly advised,

[1] The Debtors are the following entities ATA Holdings Corp (04-19866), ATA Airlines, Inc (04-19868), Ambassadair Travel Club, Inc (04-19869), ATA Leisure Corp (04-19870), Amber Travel, Inc (04-19871), American Trans Air Execujet, Inc (04-19872), ATA Cargo, Inc (04-19873), and C8 Airlines, Inc , formerly named Chicago Express Airlines, Inc (04-19874)

[2] Capitalized terms not defined herein shall have the meaning ascribed to such terms in the Stipulation

now APPROVES the Stipulation, it appearing to the Court that the request has been made for good cause Accordingly,

IT IS HEREBY ORDERED, ADJUDGED AND DECREED THAT

1 The Stipulation is APPROVED in its entirety

2 The following Key Leases Claims are allowed in the following amounts against the estate of ATA (collectively, the "Allowed Key Leases Claims") Claim Number 1344 shall be allowed as an unsecured non-priority claim against the estate of ATA in the amount of $930,564 20,

i Claim Number 1345 shall be allowed as an unsecured non-priority claim against the estate of ATA in the amount of $681,810 10, and

ii Claim Number 1343 shall be allowed as an unsecured non-priority claim against the estate of ATA in the amount of $3,463,168 77

iii Claim Number 1344 shall be allowed as an unsecured non-priority claim against the estate of ATA in the amount of $930,564 20,

3 The allowance of the Allowed Key Leases Claims fully and finally resolves all of the Key Leases Claims, other than rejection damages claims related to the rejection of Schedule No 3 and Schedule No 4, against the Reorganizing Debtors (and/or any of the other Debtors), the Claims Objections (to the extent they relate to the Allowed Key Leases Claims) and all claims, filed or scheduled, other than the Allowed Key Leases Claims, against the estates of the Reorganizing Debtors (and/or any of the other Debtors) on account of the Key Leases Claims, including, without limitation, Claim Numbers 1298, 1299, 1297, 1346, 1300, 1302, 1347, 1301 and 1303 which are hereby disallowed in their entirety and expunged

###

Requested by

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Distribution

Core Group
2002 List
Appearance List
Key Equipment Finance Inc