war risk and allied perils coverage) after receipt by Prime Lessor, owner participants, Loan Participants or Sublessor, as the case may be, of written notice by such insurers of such cancellation, change or lapse, and (iv) be primary without right of contribution from any other insurance carried by Prime Lessor, owner participants, Loan Participants or Sublessor, as the case may be, with respect to their interests as such in the Aircraft. Each liability insurance policy carried in accordance with section (a) of this Article shall expressly provide that all of the provisions thereof shall operate in the same manner as if there were a separate policy covering each insured; provided, however, such policies shall not operate to increase the insurers' limit of liability. Sublessee shall cause its insurers to agree that the indemnity and hold harmless provisions of Article 8(a) are insured as a contractual assumption of liability by Sublessee's insurers, subject to the terms, coverage, conditions, limitations and exclusions of the policy of insurance.

(d) Uninsured Operations. Unless an item of Equipment is operated or used under contract with the Government of the United States under which contract such Government assumes liability for any damage, loss, destruction or failure to return possession of such property at the end of the term of such contract and for injury to persons and damage to property of others, Sublessee shall not operate or locate such item of Equipment, or suffer the same to be operated or located, in any recognized or

threatened area of hostilities, in any area or on any route excluded from coverage by any insurance required by the terms of this Article 10.

(e) Application of Insurance Proceeds for Event of Loss. All insurance payments received as the result of the occurrence of an Event of Loss (other than an Event of Loss described in Article 9(c), above) with respect to an item of Equipment, or any part thereof, will be applied as follows:

(i) if such payments are received with respect to an Event of Loss relating to the Airframe or the Airframe and Engines installed on the Airframe, so much of such payments remaining after reimbursement of Sublessor, Prime Lessor and the Loan Participants for costs and expenses as shall not exceed the amounts due under paragraph (a) of Article 9 shall be applied in reduction of Sublessee's obligation to pay such amounts, if not already paid by Sublessee, or, if already paid by Sublessee, shall be applied to reimburse Sublessee for its payment of such amounts, and the balance, if any, of such payment remaining thereafter will be paid over to or retained by, Sublessee; or

(ii) if such payments are received with respect to an Engine under the circumstances contemplated by Article 9(b), so much of such payments remaining after reimbursement of Sublessor, Prime Lessor and the Loan Participants for costs and expenses shall be paid over to, or retained by, Sublessee, provided that Sublessee shall have fully performed or, concurrently therewith, will fully perform the terms of Article 9(b).

(f) Application of Insurance Proceeds for Other than Event of Loss. The insurance proceeds of any property damage loss to the Airframe or an Engine, or part thereof, not constituting an Event of Loss will be promptly applied in payment (or to reimburse Sublessee) for repairs or for replacement property in accordance with the terms of Articles 5 and 6 hereof, and any balance remaining after compliance with such Articles with respect to such loss shall be promptly paid to, or retained by, Sublessee.

(g) Application in Default. Any amount referred to in clause (i) or (ii) of paragraph (e) or in paragraph (f) of this Article 10 which is payable to Sublessee shall not be paid to Sublessee or, if it has been previously paid directly to Sublessee, shall not be retained by Sublessee, if at the time of such payment an Event or an Event of Default shall have occurred and be continuing. In such event, all such amounts shall be paid to and held by Sublessor as security for the performance by Sublessee of its obligations hereunder or, at Sublessor's option, applied by Sublessor toward payment of any such obligations of Sublessee at the time due hereunder as Sublessor may elect. At such time as Sublessee shall have cured all Events and Events of Default, all such amounts at the time held by Sublessor in excess of the amounts, if any, which Sublessor shall have elected to apply as above provided shall be paid to Sublessee.

(h) Certificates, etc. On or before the Delivery Date and annually on each anniversary date thereof commencing in 1988, Sublessee will furnish to Sublessor, Prime Lessor and the Loan Participants a certificate signed by Frank Crystal & Co. or another firm of independent aircraft insurance brokers of recognized standing and responsibility, appointed by Sublessee, certifying that the insurance then carried and maintained on the Aircraft and the Engines complies with the terms hereof and, provided the Prime Lease does not purport to increase the insurance requirements from those required hereunder, of the Prime Lease. Sublessee will and will cause such firm to advise Sublessor, Prime Lessor and the Loan Participants in writing promptly of any default in the payment of any premium and of any other act or omission on the part of Sublessee or otherwise of which it or they have knowledge and which might invalidate or render unenforceable, in whole or in part, any insurance on the Aircraft or an Engine. Sublessee will also and will also cause such firm to advise Sublessor, Prime Lessor and the Loan Participants in writing at least 14 days (seven days in the case of any war risk and allied perils coverage) prior to the expiration or termination date of any insurance carried and maintained on the Aircraft or an Engine pursuant to this Article, unless the same has been renewed or replacement insurance complying with the requirements hereof shall have become effective prior thereto, and evidence thereof shall have theretofore been submitted to Sublessor, Prime

Lessor and the Loan Participants. In the event that Sublessee shall fail to maintain insurance as herein provided, Sublessor may at its option, after endeavoring to give Sublessee's Corporate Secretary telephonic notice thereof, obtain such insurance and, in such event, Sublessee shall, upon demand, reimburse Sublessor, as Supplemental Rent, for the cost thereof.

(i) Insurance of Sublessee's Interest. Nothing contained in this Sublease shall prevent Sublessee from carrying insurance against Events of Loss with respect to the Equipment in excess of that required hereunder, and nothing herein shall prevent Prime Lessor and Sublessor, at their own expense, from carrying additional insurance against Events of Loss with respect to the Equipment.

ARTICLE 11. MORTGAGES, LIENS, ETC.

Sublessee shall not directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any item of Equipment, any part thereof, title thereto or any interest therein, except: (i) the respective rights of Sublessor and Sublessee as herein provided, (ii) the rights of Prime Lessor and Loan Participants contemplated in connection with the Prime Lease, (iii) Liens which result from claims against Sublessor that are not to be paid or indemnified against by Sublessee hereunder, (iv) Liens for taxes either not yet due or being contested in good faith by appropriate proceedings, but only so long as, in Sublessor's reasonable judgment, such proceedings do not involve any danger of the sale, forfeiture or loss of any item of Equipment, or interest therein, and (v) inchoate materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and for amounts the payment of which is either not delinquent or is being contested in good faith by appropriate proceedings, but only so long as, in Sublessor's reasonable judgment, such proceedings do not involve any danger of the sale, forfeiture or loss of any item of Equipment, or any interest therein. Sublessee shall promptly, at its own expense, take such action as may be necessary to duly discharge any Lien not excepted above if the same shall arise at any time with respect to any Equipment subleased hereunder.

ARTICLE 12. RECORDATION AND FURTHER ASSURANCES.

Sublessee shall, at its own cost and expense, cause this Sublease, the Sublease Supplements, and any and all additional instruments which shall be executed pursuant to the terms hereof or pursuant to or contemplated by the terms of the Prime Lease, so far as permitted by applicable law or regulation, to be kept, filed, and recorded and to be re-executed, refiled and rerecorded at all times in the appropriate office pursuant to the Federal Aviation Act of 1958, as amended, and in such other places, whether within or without the United States of America, as Sublessor may reasonably request to perfect and preserve the title of Prime Lessor to and Loan Participants' interests in, the Equipment and Sublessor's rights hereunder, and Sublessee shall on request furnish to Prime Lessor, Loan Participants and Sublessor an opinion of counsel satisfactory to Sublessor or other evidence satisfactory to Sublessor of each such filing, re-filing, recordation and re-recordation.

Without limiting the foregoing, Sublessee shall do or cause to be done, at its own cost and expense, any and all acts and things which may be required under the terms of the Convention for the International Recognition of Rights in Aircraft, signed (ad referendum) at Geneva, Switzerland, on June 18, 1948, to perfect and preserve the title of Prime Lessor to the Equipment and Loan Participants' and Sublessor's interests in and rights to the Equipment within the jurisdiction of any signatory

State which has ratified such Convention and in the territories thereof in which Sublessee may operate the Equipment, and Sublessee shall also do or cause to be done at its own expense any and all acts and things which Sublessor may reasonably request to perfect and preserve the rights of Sublessor hereunder.

In addition, Sublessee will promptly and duly execute and deliver to Sublessor such further documents and assurances and take such further action as Sublessor may from time to time reasonably request in order to more effectively carry out the intent and purpose of this Sublease and the Prime Lease and to establish and protect the rights and remedies created or intended to be created in favor of Sublessor hereunder and of Prime Lessor under the Prime Lease, including, without limitation, if reasonably requested by Sublessor, at the expense of Sublessee, the execution and delivery of supplements or amendments hereto, in recordable form, subjecting to this Sublease and to the Prime Lease (and to the Lien of the Loan Participants) any replacement engine and the recording or filing of counterparts thereof, or of financing statements with respect hereto, in accordance with the laws of such jurisdiction as Sublessor may from time to time reasonably request.

ARTICLE 13. RETURN OF AIRCRAFT AND RECORDS.

(a) Return. Except as otherwise provided herein, at the expiration of the Term (or the renewal period) in effect for the Aircraft or upon the sooner termination of this Sublease, Sublessee, at its own expense, shall return the Aircraft to Sublessor by delivering the same to Sublessor at a location within the continental United States of America as may be designated by Sublessor. The Aircraft, at the time of return to Sublessor, shall be fully equipped with two Engines or other engines owned by Sublessee (and complying with subparagraph (c) of this Article) properly installed thereon.

(b) Overhaul. (i) Immediately prior to such return, (1) Sublessee shall have caused to have been performed a "C" phase check, or its equivalent, to the Airframe in accordance with Sublessee's then approved overhaul and/or maintenance program, authorized by and performed to Aeronautics Authority requirements applicable to Sublessee (which "C" phase check shall in no event entail less than the "C" phase check to be performed by Sublessee every 1,300 hours as of the date of this Sublease), (2) the Airframe (including the auxiliary power unit and undercarriage, but not including on-condition, condition monitored or other time-controlled Parts) shall not have been operated more than 50% of allowable time between each of the Major Maintenance Checks (and, in the case of the auxiliary power unit and undercarriage, until its next scheduled removal and

overhaul), in accordance with Sublessee's then approved Major Maintenance Checks and removal and overhaul programs authorized by and performed to Aeronautics Authority requirements applicable to Sublessee, and (3) the Engines or other engines so returned shall have, on average, at least 50% of the allowable cycles or time (whichever is the limiting factor) remaining before their next scheduled engine shop visit (as to both hot and cold sections), and all cycle-limited and time-controlled Parts (including engine disks and shafts) of each Engine or other engine so returned shall have, on average, at least 50% of the allowable cycles or time (whichever is the limiting factor) remaining before replacement; said engine shop visit and Parts replacement to be performed in accordance with Sublessee's then approved engine overhaul and Parts replacement program, authorized by the Aeronautics Authority. Notwithstanding anything in this Article 13, at the time of return to Sublessor, the Airframe, auxiliary power unit, undercarriage and each other time-controlled Part (excluding on-condition and condition monitored Parts) shall have at least 50% of allowable time or 3,000 hours remaining until each of the next Major Maintenance Checks or removal and overhaul, as the case may be, whichever is less, and each Engine or other engine so returned, including each cycle-limited and time-controlled Part, shall have at least 50% of allowable time or cycles (whichever is the limiting factor) or 3,000 hours or 1,750 cycles (whichever is the limiting factor),

whichever is less, remaining until its next scheduled engine shop visit. Except for the credit contemplated by clause (iv), below, Sublessee shall not be entitled to any adjustment or to be reimbursed or in any way compensated if the Airframe, any Engine or engine, or any Parts thereof, are returned in a better condition than as required under this Article 13(b).

(ii) In the event that Sublessee does not meet the conditions in clause (i)(2) of paragraph (b) of this Article with respect to the Airframe (or the auxiliary power unit or undercarriage), Sublessee shall pay Sublessor a dollar amount computed by multiplying (i) the then current cost of each such Major Maintenance Check or removal and overhaul, as the case may be, performed by a repair station certified by the Aeronautics Authority designated by Sublessor and not reasonably unacceptable to Sublessee and capable of performing such work in a timely fashion, by (ii) a fraction of which (x) the numerator shall be the number of hours since each of the last such Major Maintenance Checks or removal and overhaul, as the case may be, in excess of 50% of the total number of hours of allowable time between each of the Major Maintenance Checks or removal and overhaul, as the case may be, and (y) the denominator shall be the total number of hours of such allowable time, (i.e., cost x (excess over half-time ÷ total allowable time)).

(iii) In the event that Sublessee does not meet the conditions in clause (i)(3) of paragraph (b) of this Article with

respect to the Engines or engines so returned or the Parts thereof, Sublessee shall pay Sublessor the dollar amount which reflects the product of (x) the ratio that the remainder of (1) the aggregate time or cycles accumulated on each Engine or engine so returned since half-time or one-half the allowable cycles (whichever is the limiting factor) minus (2) the aggregate time or cycles remaining to half-time or one-half the allowable cycles (whichever is the limiting factor) on each Engine or engine so returned bears to the time or cycles allowable between major scheduled engine shop visits and (y) the then current cost of such engine shop visits performed by a repair station certified by the Aeronautics Authority designated by Sublessor and not reasonably unacceptable to Sublessee and capable of performing such work in a timely fashion, (i.e., ((time/cycles in excess of half-time/cycles - time/cycles remaining to half-time/cycles) ÷ total allowable time/cycles) x cost), and the dollar amount which reflects the product of (xx) the ratio that the remainder of (1) the aggregate time or cycles accumulated on each Part since half-time or one-half the allowable cycles (whichever is the limiting factor) minus (2) the aggregate time or cycles remaining to half-time or one-half the allowable cycles (whichever is the limiting factor) on each Part bears to the time or cycles allowable between replacements and (yy) the then current cost for replacement of the Parts performed by a repair station certified by the Aeronautics Authority designated by Sublessor and not

reasonably unacceptable to Sublessee and capable of performing such replacement in a timely fashion, (i.e., ((time/cycles in excess of half-time/cycles - time/cycles remaining to half-time/cycles) ÷ total allowable time/cycles) x cost).

(iv) In the event that Sublessee returns the Airframe, auxiliary power unit, undercarriage or Engines with more time or cycles (whichever is the limiting factor) remaining than as required under Article 13(b)(i)(2) or (i)(3), Sublessee shall be entitled to a credit for such additional time or cycles, calculated on the same basis as the calculations for determining Sublessee's payment obligations to Sublessor specified in Article 13(b)(ii) or (iii), as the case may be. Such credit may be applied solely to reduce Sublessee's liability with respect to Sublessee's payment obligations, if any, under Article 13(b)(ii) or (iii) of this Sublease or of Article 13(b)(ii) or (iii) of any sublease for Other Subleased Aircraft returned to Sublessor in accordance with such sublease within 150 days of the date the Aircraft is required to be returned to Sublessor hereunder and further provided that an Event of Default shall not have occurred and be continuing.

(v) The sums payable by Sublessee to Sublessor pursuant to Article 13(b)(ii) and (iii), if any, shall be payable within 30 days of the date that is the later of: (1) the expiration or termination date of the Term (or the renewal period) in effect for the Aircraft and (2) the expiration or termination

date of the term (or renewal period) in effect for the last of the Other Subleased Aircraft that is returned to Sublessor under the sublease therefor, provided such expiration or termination date is not more than 150 days after the date the Aircraft is required to be returned to Sublessor hereunder.

(c) Engines. In the event an engine other than an Engine shall be delivered with the Airframe, without limiting Sublessee's obligations under the Tax Indemnification Agreement, such engine shall be satisfactory to Prime Lessor and Sublessor, free and clear of Liens, suitable for use on the Airframe and shall have a value and utility at least equal to, and be in as good operating condition (including no greater number of cycles or hours accumulated on such engine or the parts or components thereof) as, the Engine that should have been returned, assuming such Engine which should have been returned was in the condition and repair as required by the terms hereof immediately prior to such required return; and Sublessee will, at its own expense and concurrently with such delivery, furnish Prime Lessor or Sublessor, as the case may be, with a bill of sale, in form and substance satisfactory to Prime Lessor and Sublessor, for each such engine and with evidence of Sublessee's title to such engine (including, if requested, an opinion of Sublessee's counsel) and shall take such other action as Prime Lessor or Sublessor may reasonably request in order that title to such engine shall be duly and properly vested in Prime Lessor or Sublessor, as the

case may be. Upon full compliance with this paragraph (c) and passage of title to such engine to Prime Lessor or Sublessor, as the case may be, such engine shall be an Engine for all purposes of this Sublease and Sublessor will transfer or will cause to be transferred to Sublessee by bill of sale all of Prime Lessor's and Sublessor's right, title and interest in an Engine constituting part of the Aircraft so returned but not installed on such Aircraft at the time of such return, without any representation, warranty or recourse of any kind whatsoever, express or implied, except a warranty that such Engine is free and clear of Liens, except Liens which result from acts or omissions of Sublessor, Prime Lessor, Loan Participants or other persons lawfully claiming through Sublessor which are not to be paid or indemnified against by Sublessee hereunder.

(d) Condition. The Aircraft when delivered to Sublessor shall be clean by airline operating standards, shall have installed thereon all Engines, equipment, accessories or Parts installed thereon at the commencement of the Term therefor and the Sublessor Modifications, or replacements therefor (as herein authorized) and additions and improvements thereto made in accordance with the provisions of this Sublease, shall be in the same condition as when delivered to Sublessee, ordinary wear and tear (subject to the obligations set forth in Article 5(c) and alterations and modifications properly made by Sublessee as permitted under this Sublease) excepted, in good operating

condition, shall have a currently effective airworthiness certificate issued by the Aeronautics Authority and shall be free and clear of all Liens, except Liens which result from acts or omissions of Sublessor, Prime Lessor, Loan Participants or other persons lawfully claiming through Sublessor which are not to be paid or indemnified against by Sublessee hereunder. All airworthiness directives of the Aeronautics Authority, as the same may be amended from time to time, and all amendments and changes to Part 121 applicable to the Aircraft, Airframe, Engines or Parts shall be accomplished in compliance with the requirements thereof. If an airworthiness directive allows for compliance by inspection and correction of discrepancies, and does not require terminating compliance by the expiration date of the Term (or renewal period) in effect, provided the prevalent prudent airline practice is to perform by such inspection compliance, Sublessee need not have such terminating compliance accomplished as of the expiration date of the Term (or renewal period) in effect for the Aircraft. Should Sublessee be granted any variances or extensions from the Aeronautics Authority with respect to any airworthiness directives applicable to Sublessee (other than by way of amendment to the airworthiness directive that applies to operators generally), Sublessee shall perform or cause to be performed, at Sublessee's expense, all such airworthiness directives prior to return of the Aircraft to Sublessor. All pilot discrepancies shall be cleared from the maintenance log book. There shall be

no carry-over or deferred maintenance items with respect to the Aircraft, except for those that may be carried-over or deferred until the next major maintenance check of the Airframe or engine shop visit for the subject Engine, and, in any event, Sublessee shall be liable for, and shall pay Sublessor (or its designee) on demand, the reasonable allocable cost for the performance of such carry-over or deferred maintenance items at the time of such major maintenance check or engine shop visit. If Sublessor should request, all Sublessee's logos and special markings (other than stripes) shall be painted over in accordance with industry practice, at Sublessee's expense.

A borescope inspection shall be performed at Sublessee's expense at the time Sublessee performs the "C" phase check contemplated by Article 13(b)(i)(1). Such inspection and check shall be performed within the last two weeks of the end of the Term (or renewal period) in effect, and Sublessee shall have given Sublessor at least 14 days prior written notice of the date on which such inspection or check is to commence. Sublessee shall provide evidence satisfactory to Sublessor reflecting the correction of any discrepancies found during such inspection and determined to have exceeded the Manufacturer's field maintenance manual limits.

Each fuel tank of the Aircraft shall contain the same quantity of fuel as was placed in such tanks free of charge to Sublessee on the Delivery Date, and, in the case of any

differences in such quantities, any appropriate adjustment will be made by payment therefor at the then current market price at the place of delivery.

Sublessor shall have the right, prior to the expiration date of the Term (or renewal period) in effect for the Aircraft, to inspect such Aircraft to reasonably determine whether the Aircraft will be in compliance with the requirements for return at the expiration of the Term (or renewal period) in effect for the Aircraft. Sublessor and Sublessee shall endeavor to perform the inspection at the time of the "C" phase check contemplated by Article 13(b)(i)(1), but such inspection shall not be limited to items covered by such "C" phase check. If, after reviewing the logs and other records for the Aircraft, Sublessor reasonably believes that the Aircraft should be subjected to a test flight, Sublessor shall be entitled to conduct a test flight of such Aircraft under the control of Sublessee of not more than 90 minutes duration for the purpose of aircraft performance analysis (the cost of which shall be borne by Sublessee). In any event, Sublessor's representatives shall be entitled to perform a "systems functional" test of the Aircraft during one or more of its commercial flights selected by Sublessor preceding the "C" phase check contemplated in Article 13(b)(i)(1). If Sublessor reasonably determines that repairs are required to cause the Aircraft to comply with the return requirements provided herein, Sublessee shall forthwith cause such repairs to be commenced and

completed, and, without waiving any other rights or remedies Sublessor may have as a result thereof, Sublessee shall be liable to Sublessor for Basic Rent for the Aircraft, prorated on a daily basis, for each day following the expiration of the Term for the Aircraft until the Aircraft is returned to Sublessor in the condition required hereunder at the time of return to Sublessor; provided, however, if at Sublessor's request, Sublessee is providing storage for the Aircraft pursuant to Article 13(f), Sublessee shall not be obligated to pay Basic Rent for up to the first 30 days of such storage.

(e) Records. Upon the return of the Aircraft, Sublessee shall deliver to Sublessor (i) all logs, manuals, certificates, data and inspection, modification and overhaul records in respect of the Aircraft maintained in accordance with Sublessee's maintenance program approved by the Aeronautics Authority or otherwise maintained in respect of the Aircraft in accordance with Sublessee's recordkeeping policies, and (ii) all logs, manuals and catalogs included with the Aircraft on the Delivery Date therefor.

(f) Storage. Upon written request of Sublessor, at the end of the Term for the Aircraft, Sublessee shall (i) provide Sublessor with free storage facilities for the Aircraft for up to thirty (30) days at such United States location used by Sublessee for the storage of aircraft as Sublessor shall designate, with Sublessor to pay all related out-of-pocket expenses arising from

such storage, e.g., insurance and maintenance (which Sublessee agrees, subject to reasonably available work force, to provide at Sublessee's cost), and (ii) cause the Aircraft to be delivered to such designated location free of charge to Sublessor; provided, however, if Sublessee provides such storage facilities to Sublessor, Sublessor shall be deemed to have designated such location as the place for return of the Aircraft pursuant to Article 13(a).

ARTICLE 14. EVENTS OF DEFAULT.

The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule, regulation of any administrative or governmental body):

(a) Sublessee shall fail to make any payment of Rent when due (including, without limitation, any payment under the Tax Indemnification Agreement), and such payment shall be overdue for a period of five days;

(b) Sublessee shall fail to carry and maintain insurance in accordance with the provisions of Article 10 hereof;

(c) Sublessee shall fail to perform or observe any term, condition or agreement to be performed or observed by it under Article 5(a), 5(b), or the first sentence of Article 5(d), Article 10(d) or Article 12;

(d) Sublessee shall fail to perform or observe any other covenant or agreement to be performed or observed by it hereunder or under any other material agreement between Sublessor and Sublessee, and such failure shall continue for a period of 30 days after written notice thereof from Sublessor to Sublessee;

(e) Any representation or warranty made by Sublessee herein or in any document or certificate furnished Sublessor in connection herewith or pursuant hereto shall prove to be false or misleading in any material respect;

(f) Any obligation of Sublessee for the payment of borrowed money or the deferred purchase price of property or for the payment of rent or other sums under any lease of aircraft shall not be paid when due, whether by acceleration or otherwise and such default in payment shall continue beyond any applicable grace period or extension thereof;

(g) Sublessee shall consent to the appointment of a receiver, custodian, trustee or liquidator of itself or of a substantial part of its property, or Sublessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors, or Sublessee shall file a voluntary petition for an order for relief pursuant to Section 301 of Title 11 of the United States Code, or any superseding statute, as amended from time to time, or a voluntary petition in bankruptcy or a voluntary petition or an answer seeking reorganization in a proceeding under any bankruptcy laws (as now or hereafter in effect) or an answer admitting the material allegations of a petition filed against Sublessee for an order for relief or in any such proceeding, or Sublessee shall by voluntary petition, answer or consent, seek relief under the provisions of any other now existing or future bankruptcy or other similar law providing for the reorganization, liquidation or winding-up of corporations, or providing for an arrangement, composition, extension or adjustment with its creditors;

(h) An order, judgment or decree shall be entered by any court of competent jurisdiction appointing, without the consent of Sublessee, a receiver, custodian, trustee or liquidator of Sublessee or of any substantial part of its property, or any substantial part of the property of Sublessee shall be sequestered, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of sixty (60) days after the date of entry thereof;

(i) A petition against Sublessee for an order for relief pursuant to Section 303 of Title 11 of the United States Code, or any superseding statute, as amended from time to time, or in any proceeding under the Federal bankruptcy laws or other insolvency laws (as now or hereafter in effect) shall be filed and shall not be withdrawn or dismissed within sixty (60) days thereafter, or, under the provisions of any law providing for reorganization, liquidation or winding-up of corporations which may apply to Sublessee, any court of competent jurisdiction shall assume jurisdiction, custody or control of Sublessee or of any substantial part of its property and such jurisdiction, custody or control shall remain in force unrelinquished, unstayed or unterminated for a period of sixty (60) days;

(j) Final judgment for the payment of money in excess of $3,000,000 shall be rendered against Sublessee and the same shall remain unpaid, unstayed or undischarged for a period of forty-five (45) days;

(k) Except for suspensions due to labor disputes with Sublessee's employees, Sublessee shall voluntarily suspend all or any substantial portion of its certificated operations, or the franchises, concessions, permits, rights or privileges required for the conduct of Sublessee's business operations are revoked, cancelled or otherwise terminated, or Sublessee shall cease to be a certificated air carrier within the meaning of the Federal Aviation Act of 1958, as amended, or Sublessee shall curtail substantially its method of operation in effect on the date hereof; or

(l) An "Event of Default" under, and as such term is defined in, any sublease agreement between Sublessor and Sublessee for the sublease of any Other Subleased Aircraft shall occur and be continuing.

ARTICLE 15. REMEDIES.

Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing, Sublessor may, at its option, declare this Sublease to be in default and at any time thereafter Sublessor may, in addition to any other remedies provided herein or by applicable law, exercise one or more of the following remedies with respect to the Aircraft, or any part thereof, as Sublessor in its sole discretion shall elect:

(a) Demand that Sublessee, and Sublessee shall upon the written demand of Sublessor and at Sublessee's expense, return promptly to Sublessor the Aircraft in the manner and condition required by, and otherwise in accordance with all of the provisions of, Article 13 hereof as if such Aircraft were being returned at the end of the Term therefor; or Sublessor, at its option, may enter upon the premises where all or any part of the Aircraft or an Engine is located and take immediate possession of and remove the same (together with any engine which is not an Engine but which is installed on the Airframe, subject to all of the rights of the owner, lessor, lienor or secured party of such engine, provided, however, that such Airframe with an engine (which is not an Engine) installed thereon may be flown only to a location within the continental United States, and such engine shall be held for the account of any such owner, lessor, lienor or secured party or, if owned by Sublessee, may, at the option of

Sublessor, be exchanged with Sublessee for an Engine in accordance with the terms of Article 13 hereof) by summary proceedings or otherwise, all without liability accruing to Sublessor for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise;

(b) Sell or cause to be sold the Aircraft, or part thereof, at public or private sale, or otherwise dispose of, hold, use, operate, lease to others or keep idle the Aircraft, or part thereof, as Sublessor in its sole discretion may determine, all free and clear of any rights of Sublessee and without any duty to account to Sublessee with respect to such action or inaction or for any proceeds with respect thereto, except to the extent required by paragraph (d) below in the event Sublessor elects to exercise its rights under such paragraph (in lieu of its rights under paragraph (c) below);

(c) Whether or not Sublessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or (b), above, Sublessor, by written notice to Sublessee specifying a payment date, may demand that Sublessee pay to Sublessor, and Sublessee shall pay to Sublessor, on the payment date specified in such notice, as liquidated damges for loss of a bargain and not as a penalty (in lieu of the Basic Rent for the Aircraft due for the period commencing after the date specified for payment in such notice), any accrued but unpaid

Basic Rent for the Aircraft due to and including the payment date specified in such notice, plus whichever of the following amounts Sublessor, in its sole discretion, shall specify in such notice: (i) an amount equal to the excess, if any, of the aggregate unpaid Basic Rent for the Aircraft which would otherwise have accrued over the remainder of the Term (or renewal period) in effect therefor but for the Event of Default, discounted monthly to present value as of the payment date specified in such notice at 5% per annum over the aggregate fair market rental value of the Aircraft (computed as hereafter in this Article provided) for a period equal to the remainder of the Term (or renewal period) in effect for the Aircraft, after discounting such fair market rental value monthly to present value as of the payment date specified in such notice at 5% per annum; or (ii) an amount equal to the excess, if any, of the Stipulated Loss Value for the Aircraft, computed as of the date specified for payment in such notice over the fair market sale value (as hereinafter defined) of the Aircraft as of the payment date specified in such notice. The amounts specified in such notice shall continue to bear interest at the Incentive Rate from the payment date specified in said notice until payment is made;

(d) In the event Sublessor, pursuant to paragraph (b), above, shall have relet the Aircraft or shall have sold or caused to be sold the Aircraft, Sublessor, in lieu of exercising its rights under paragraph (c), above, with respect to the Aircraft,

may, if it shall so elect, demand that Sublessee pay Sublessor and Sublessee shall pay Sublessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the Basic Rent for the Aircraft due for the period commencing after the date of reletting or sale, as the case may be) any accrued but unpaid Basic Rent for the Aircraft due up to and including the date of reletting or sale plus the excess of: (i) in the case of a reletting, the aggregate unpaid Basic Rent for the Aircraft which would otherwise have become due over the Term (or renewal period) in effect therefor discounted monthly to present value as of the date of reletting at 5% per annum over the aggregate basic rental payments to become due under the reletting from the date of such reletting to the date upon which the Term (or renewal period) in effect for the Aircraft would have expired but for Sublessee's default, discounted monthly to present value as of the date of the reletting at 5% per annum, or (ii) in the case of a sale, the Stipulated Loss Value for the Aircraft over the net cash proceeds of such sale. The amounts specified in this paragraph shall continue to bear interest at the Incentive Rate from the date of reletting or sale, as the case may be, until payment is made;

(e) Proceed by appropriate court action or actions to enforce performance by Sublessee of the applicable covenants of this Sublease and to recover damages for the breach hereof;

(f) Terminate this Sublease as to any or all items of Equipment, which termination shall be effective immediately upon

Sublessor having given notice of termination to Sublessee, whereupon Sublessee's right to possess and use such items of Equipment shall immediately cease.

Except as otherwise specifically provided above, Sublessee shall also be liable for all unpaid Rent due hereunder before, during or after the exercise of any of the foregoing remedies 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 any of Sublessor's rights or remedies with respect thereto, including all costs and expenses incurred in connection with the return of the Aircraft in accordance with the terms of Article 13 hereof, or in placing the Aircraft in the condition and airworthiness as required by such Article.

For the purpose of paragraph (c) above, the "aggregate fair market rental value" or the "fair market sale value" of the Aircraft shall be specified in an appraisal by a recognized independent aircraft appraiser chosen by Sublessor.

Except as otherwise expressly provided above, no remedy referred to in this Article is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Sublessor at law or in equity; and the exercise or beginning of exercise by Sublessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Sublessor of any or all of such other remedies. No express or implied waiver by Sublessor of any Event or Event

of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event or Event of Default.

Sublessee hereby appoints Sublessor as Sublessee's irrevocable agent and attorney-in-fact to execute all documents deemed necessary to release, terminate and void Sublessee's interest in the Aircraft leased hereunder and to file said documents for recordation with the Aeronautics Authority and any other appropriate agency provided that an Event of Default has occurred and Sublessor in its discretion deems use of this agency necessary to effect any remedy Sublessor chooses to take.

ARTICLE 16. EXCUSABLE DELAY.

(a) General. Sublessor shall not be responsible for nor be deemed to be in default under this Agreement on account of any delay in delivery of the Aircraft or other performance hereunder due to any of the following causes: acts of God or the public enemy; civil war, warlike operations, insurrections or riots; war; natural disasters; fires; floods or explosions; earthquakes; serious accidents; epidemics or quarantine restrictions; any act of government, governmental priorities, allocation regulations or orders affecting materials, labor, equipment, facilities or completed aircraft; strikes or labor troubles causing cessation, slow-down or interruption of work; delay in transportation relating to the manufacture of the Aircraft; delay or default by Manufacturer under the Purchase Agreement; or inability after due and timely diligence (on the part of Sublessor or other person) to procure materials, accessories, equipment or parts or to obtain qualified labor; or due to any other cause to the extent it is beyond Sublessor's control or not occasioned by Sublessor's fault or negligence. Delays resulting from any of the foregoing causes are referred to herein as "Excusable Delays." Sublessor shall promptly notify Sublessee of any delay or anticipated delay in delivery of the Aircraft.

(b) Extended Excusable Delay.

(i) Termination for Actual Delay. If, due to Excusable Delays, delivery of the Aircraft is delayed beyond

December 15, 1987, either Sublessor or Sublessee may terminate this Agreement by giving written notice to the other within ten (10) days after the expiration of such date.

(ii) Termination for Anticipated Delay. If the Manufacturer concludes, based on its appraisal of the facts, that due to Excusable Delays, delivery of the Aircraft will be delayed beyond December 15, 1987, and as a result thereof in good faith and in accordance with its normal scheduling procedures, Manufacturer internally reschedules delivery of the Aircraft to a date reflecting such delay and notifies Sublessor thereof, Sublessor shall notify Sublessee in writing of such delay and rescheduling, in which event either Sublessor or Sublessee may terminate this Agreement by giving written notice to the other within ten (10) days after receipt by Sublessee of such notice of anticipated delay.

(c) Consequence of Termination. Termination under Article 16(b) shall terminate and discharge all obligations and liabilities of Sublessee and Sublessor hereunder.

(d) Failure to Terminate. If, following notice of an anticipated delay under Article 16(b)(ii), this Agreement is not terminated in accordance with the provisions of such Articles, then the Scheduled Aircraft Delivery for such Aircraft otherwise required hereunder shall be extended by a period equal to the delay specified in such notice.

(e) Damage to or Destruction of Aircraft - Delivery Delay. In the event that prior to delivery the Aircraft is, due to any cause, lost, destroyed or damaged beyond repair (and this Agreement has not been terminated in accordance with this Article 16), or is damaged to the extent that it cannot be repaired to new condition by replacement parts and delivered in accordance with the Scheduled Aircraft Delivery, the time reasonably required to furnish a replacement for such Aircraft or to accomplish such repairs shall be deemed an Excusable Delay.

(f) Termination Rights Exclusive. The termination rights of Sublessee set forth in this Article 16 are in substitution for any other rights of termination or contract lapse which Sublessee might have arising by operation of law by virtue of delays in performance for which Sublessor is not deemed to be in default or to have breached its duties hereunder.

ARTICLE 17. RENEWAL OPTION.

By written notice delivered to Sublessor not later than nine months prior to the end of the Term (or the end of the renewal period) in effect for the Aircraft, provided no Event or Event of Default shall have occurred and be continuing, Sublessee may irrevocably elect to renew the Term (or the renewal period) then in effect for such Aircraft for two successive periods of four years each, commencing upon the expiration of the Term (or the renewal period) then in effect for such Aircraft and ending on the day preceding the fourth anniversary thereof, at a rental rate equal to the fair market rental value thereof determined as hereinafter provided and otherwise on the same terms and conditions contained in this Sublease; provided, however, if an Event or Event of Default has occurred and is continuing on the last Business Day of the Term (or the renewal period) in effect for such Aircraft, at Sublessor's option, Sublessee shall not be entitled to renew such Term (or the renewal period) in effect and such renewal option shall be deemed to have lapsed. Notwithstanding any of the foregoing, Sublessee shall not have any right to renew this Sublease for any item of Equipment for any period which extends beyond the term of the Prime Lease.

Fair market rental value of the Aircraft shall be determined by agreement between Sublessor and Sublessee, such determination to be made on the basis of, and shall be equal in amount to, the rental value: (i) of an aircraft which is, at a

minimum, in the condition required under Article 13; and (ii) which would be obtained for the renewal period in an arms'-length transaction between an informed and willing lessee-user (other than a lessee currently in possession) and an informed and willing lessor, both under no compulsion to lease; provided, however, in such determination costs of removal from the location of current use shall not be a consideration in determining such value. If for whatever reason fair market sale value is not finally determined at least 230 days prior to the expiration of the Term (or the renewal period) then in effect, the renewal option contained in this Article 17 shall, without further act, immediately lapse and be null and void.

Provided (i) Sublessee shall have exercised the two consecutive renewal options heretofore contemplated in this Article 17, (ii) Sublessor intends to sublease or purchase and re-sell the Aircraft as of or within six months following the expiration of the second four-year renewal period heretofore contemplated, and (iii) no Event or Event of Default shall have occurred and be continuing, Sublessor agrees to notify Sublessee during the last nine months of such second renewal period of its intention to sublease or purchase and re-sell the Aircraft as of or within six months following the expiration of such second renewal period. If Sublessee notifies Sublessor, within 30 days following the date it receives Sublessor's notice regarding Sublessor's intention to sublease or purchase and re-sell the

Aircraft, of its desire to sublease or to purchase the Aircraft (specifying generally the terms thereof), Sublessor agrees in good faith to consider the terms of Sublessee's offer to sublease or purchase the Aircraft at fair market value, as the case may be. If for whatever reason Sublessor and Sublessee are unable to agree on the terms of the sublease or purchase of the Aircraft by Sublessee, as the case may be, within 30 days following the date Sublessor receives Sublessee's notice of Sublessee's desire to sublease or purchase the Aircraft, Sublessor's obligations under this paragraph shall, without further act, immediately lapse and be null and void, and Sublessor shall be free to deal with the Aircraft as if this paragraph did not exist.

ARTICLE 18. MISCELLANEOUS.

(a) Construction and Applicable Law. Any provisions of this Sublease 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 such provisions hereof, and any such prohibition or enforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction. To the extent permitted by applicable law, Sublessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect. No term or provision of this Sublease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against whom the enforcement of the change, waiver, discharge or termination is sought. This Sublease shall constitute an agreement of sublease, and nothing herein shall be construed as conveying to Sublessee any right, title or interest in the Aircraft or an Engine except as a sublessee only. The captions in this Sublease are for convenience of reference only and shall not define or limit any of the terms or provisions hereof. This Sublease shall in all respects be governed by, and construed in accordance with, the laws of the State of California, including all matters of construction, validity and performance. This Sublease shall be effective for all purposes as of the date first above written.

(b) Notices. All notices required under the terms hereof shall be in writing, and any such notice shall be deemed given when received (if personally delivered) or, if mailed, when deposited in the United States mail, the proper postage for first-class mail prepaid, addressed to the appropriate party at its address set forth below, or at such other place as such party may from time to time hereafter designate to such other parties in writing:

If to Sublessee:

~~Trans World Airlines, Inc.~~
605 Third Avenue
New York, New York 10158

See Document 28 for Change of Address date

Attention: Corporate Secretary

With a copy to:

Trans World Airlines, Inc.
11500 Ambassador Drive
~~Kansas City, Missouri 64195~~

Attention: Senior Vice President-Finance

If to Sublessor:

Ansett Worldwide Aviation, U.S.A.
c/o TNT Transport Group, Inc.
65 Willowbrook Boulevard
Wayne, New Jersey 07470

Attention: General Counsel

With a copy to:

TNT North America, Inc.
2400 East Devon Avenue
Suite 292
Des Plaines, Illinois 60018

Attention: Mr. Christopher Ellis

And with a copy to:

Ansett Worldwide Aviation Services
TNT Plaza, Tower 1
Lawson Square
Redfern, N.S.W. 2016, Australia

Attention: Executive Director