



TransMeridian Airlines

**CONDITION LETTER
N54344 MSN 21631**

August 19, 2005

This letter serves as notification to all parties concerned the below listed aircraft with installed engines and accessories to the best of TransMeridian Airlines have not been involved in an accident or incident while operated by TransMeridian Airlines from February 20, 2001 to August 17, 2005.

TransMeridian Airlines also states the engines and APU listed below have no repetitive inspections less than the maintenance manual limits, deferred items, or watch items as of the date of this letter.

Registration Number – N54344
Manufacturer Serial Number – 21631
Date of Manufacture March 1979
Total Airframe Time – 59396.92
Total Airframe Cycles – 36606

Engine Number 1
Part Number – JT8D-217C
Serial Number – P726188
Total Engine Time – 7707.95
Total Engine Cycles – 3234

Engine Number 2
Part Number – JT8D-15
Serial Number – 687373
Total Engine Time – 66581.08
Total Engine Cycles – 45614

Engine Number 3
Part Number – JT8D-217C
Serial Number – P726189
Total Engine Time – 7707.95
Total Engine Cycles – 3234

APU
Part Number – 380678-1
Serial Number – P-15994
Total Time – 28292.15
Total Cycles – 18396

Robert Clinkscales
Director Quality Assurance
TransMeridian Airlines

MASTER CONSIGNMENT AGREEMENT

This Master Consignment Agreement (this "Agreement") is dated as of March 1, 2006, among Aviation Refinancing Transaction, LLC, a Delaware limited liability company ("ART"), the entities shown on the signature pages hereto as the Aircraft-Owning Entities (the "Aircraft-Owning Entities") (ART and the Aircraft-Owning Entities being hereinafter referred to collectively as "Consignor") and GA Telesis Turbine Technologies, LLC, a Florida limited liability company ("Consignee").

BACKGROUND

Consignor and Consignee are parties to that certain Servicing Agreement dated as of the date hereof (the "Servicing Agreement", capitalized terms not defined herein being used as defined therein);

As Servicer pursuant to the Servicing Agreement, Consignee has agreed to manage the Airframes, Engines and Parts belonging to Consignor, including the lease, sale and other disposition of such assets;

Certain of Consignor's Airframes and Engines will be parted-out from time to time and the Parties have agreed pursuant to the Servicing Agreement that such assets will be placed on consignment with the Consignee pursuant to this Agreement.

AGREEMENT

A. Engagement; Sales.

1. Sales. Consignor hereby engages Consignee on an exclusive basis to receive, maintain in inventory, market and sell the Parts derived from the Airframes and Engines specified in each schedule in the form of Schedule A as agreed between the parties and attached hereto from time to time (each an "Equipment Schedule"), including those Parts specified in any list attached to any such Equipment Schedule, in accordance with the terms and conditions of this Agreement. Except as otherwise expressly specified on an Equipment Schedule, the Airframes, the Engines, all Parts, and all items taken in exchange therefor, shall be subject to this Agreement and referred to as the "Consigned Goods." Consignee hereby accepts such engagement and agrees to comply with the Services Standard and to use its commercially reasonable best efforts in its performance hereunder, including the sale of the Consigned Goods on then current market terms and conditions. Consignee will prepare a sales model, in the form attached as Schedule B hereto, to reflect the revenue potential of the Consigned Goods listed on each Equipment Schedule. All Consigned Goods sold or exchanged by Consignee under this Agreement shall be referred to as "Sold Goods" and the parties acquiring Sold Goods shall be referred to as "Customers."

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the date first appearing above.

Consignor:

By

Title

WILLIAM A. KIVELA

Consignee:

MANAGER
BATELESI TURBINE TECHNOLOGIES, LLC

By

Title

SENIOR VP AND CFO

Consignment Agreement ART

SCHEDULE A
TO CONSIGNMENT AGREEMENT

Aircraft and Engines as described below with all available records:

Aircraft:

Boeing 727-231, msn 21631

Engines:

AIRCRAFT BILL OF SALE

FOR AND IN CONSIDERATION OF \$ 1&0VC THE
UNDERSIGNED OWNER(S) OF THE FULL LEGAL
AND BENEFICIAL TITLE OF THE AIRCRAFT DES-
CRIBED AS FOLLOWS:

UNITED STATES
REGISTRATION NUMBER **N 54344**

AIRCRAFT MANUFACTURER & MODEL
Boeing Model 727-231

AIRCRAFT SERIAL No.
21631

DOES THIS **6th** DAY OF Jan., 2003,
HEREBY SELL, GRANT, TRANSFER AND
DELIVER ALL RIGHTS, TITLE, AND INTERESTS
IN AND TO SUCH AIRCRAFT UNTO:

CONVEYANCE RECORDED

2003 JAN 7 PM 2 56

FEDERAL AVIATION
Do Not Write In This Block
AD-114FAA USE ONLY

NAME AND ADDRESS
(IF INDIVIDUAL(S), GIVE LAST NAME, FIRST NAME, AND MIDDLE INITIAL.)

PURCHASER

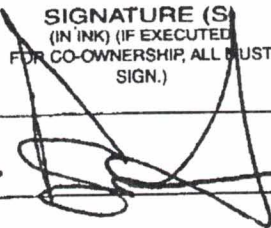
**ART 21631, LLC
4 Embarcadero Center
35th Floor
San Francisco, CA 94111**

DEALER CERTIFICATE NUMBER

AND TO **its successors** ~~EXECUTORS, ADMINISTRATORS,~~ AND ASSIGNS TO HAVE AND TO HOLD
SINGULARLY THE SAID AIRCRAFT FOREVER, AND WARRANTS THE TITLE THEREOF.

IN TESTIMONY WHEREOF we HAVE SET OUR HAND AND SEAL THIS **6th** DAY OF Jan., 2003.

SELLER

NAME (S) OF SELLER (TYPED OR PRINTED)	SIGNATURE (S) (IN INK) (IF EXECUTED FOR CO-OWNERSHIP, ALL MUST SIGN.)	TITLE (TYPED OR PRINTED)
Pegasus Aviation, Inc.		Sr. Vice President

ACKNOWLEDGMENT (NOT REQUIRED FOR PURPOSES OF FAA RECORDING; HOWEVER, MAY BE REQUIRED
BY LOCAL LAW FOR VALIDITY OF THE INSTRUMENT.)

ORIGINAL: TO FAA

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AIRCRAFT LEASE AGREEMENT

CONVEYANCE
RECORDED

THIS AGREEMENT, dated as of February 5, 2001, is by and between PEGASUS AVIATION, INC., a California corporation, or its assigns ("Lessor"), and TRANSMERIDIAN AIRLINES, INC. a Texas corporation ("Lessee")

FEB 14 AM 10 46

WITNESSETH

FEDERAL AVIATION
ADMINISTRATION

WHEREAS, Lessee desires to lease from Lessor, and Lessor is willing to lease to Lessee, the Aircraft described herein, upon and subject to the following terms and conditions.

NOW THEREFORE, for and in consideration of the premises, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows:

Section 1. Definitions.

Unless the context otherwise requires, the following terms shall have the following respective meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

Aircraft shall mean the Airframe, together with: (i) the three (3) Engines, whether or not installed on the Aircraft; (ii) all Parts and all components thereof; (iii) all ancillary equipment or devices furnished with the Aircraft under this Lease; (iv) all Aircraft Documents, and (v) all substitutions, replacements and renewals of any and all thereof as permitted herein.

Aircraft Documents shall mean the maintenance and inspection records and all other current and historical records and documentation pertaining to the Aircraft, including, without limitation, the items identified in Exhibit B hereto, those generated by Lessee during the Term, and all such documents and records required to be maintained under Applicable Law and in accordance with the requirements of the FAR Part 121.380, as set forth in Exhibit G hereto.

Airframe shall mean: (a) the Boeing model 727-200 Aircraft (excluding Engines or engines from time to time installed thereon) bearing manufacturer's serial number 21631 and U.S. Registration Number N54344; and (b) any and all Parts which are from time to time incorporated or installed on or attached thereto or which have been removed therefrom so long as title thereto remains vested in Lessor in accordance herewith, including the terms of Section 9 hereof.

Applicable Law shall mean: (i) any law, statute, decree, constitution, regulation, order, judgment, rule, license, permit, injunction or other directive of any Governmental Entity; (ii) any treaty, pact, compact or other agreement to which any Governmental Entity is a signatory or party; (iii) any judicial interpretation with binding characteristics or application of those described in (i) or (ii) above; (iv) any administrative interpretation

Cert copy to C&P

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IN WITNESS WHEREOF, Lessor and Lessee, each pursuant to due authority, have each caused this Lease to be executed by their duly authorized officers as of the day and year first above written.

LESSOR:

PEGASUS AVIATION, INC.

By: Carol L. Chase

Name: CAROL L. CHASE
EXECUTIVE VICE PRESIDENT,
Title: GENERAL COUNSEL AND
SECRETARY

LESSEE:

TRANSMERIDIAN AIRLINES, INC.

By: [Signature]
Name: C.D. SCHAAB
Title: CEO

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EXHIBIT A

AIRCRAFT SPECIFICATIONS

MODEL:	B727-231 A	MAX. TAXI WT.:	197,700 lbs
MANUFACTURER:	Boeing	MAX. GROSS TAKE-OFF WT.:	196,000 lbs
SERIAL NUMBER:	21631	MAX. LANDING WEIGHT:	164,000 lbs
FUSELAGE NUMBER:	1460	MAX. ZERO FUEL WEIGHT:	146,500 lbs
REG. (N) NUMBER:	N54344	OPERATORS WT. EMPTY:	TBD lbs
DATE OF MANUFACTURE:	03/28/79	FUEL CAPACITY (GAL.):	7,955 gal
LAST OPERATOR:	TWA	FUEL CAPACITY (LBS.):	53,297 lbs

AIRFRAME STATUS

TIME AS OF:	January 9, 2001	MAINT. PROGRAM:	Transmeridian
TOTAL AIRFRAME HOURS:	61,688.97		
TOTAL AIRFRAME CYCLES:	33,372	4-Phase "C"s check @ 3,500, 7,000, 10,500, 14,000 hrs	
TIME SINCE LAST "C" CHECK:	0.00 hrs	"SI" check @ 24,000 hrs	
TIME SINCE LAST "C 10" CHECK:	14,755.00 hrs	MOD. STATUS:	SUPER 27, FAR Stage III
NEXT "C" CHECK DUE:	5,5188.97 hrs		
Nose Landing Gear TSO:	0.00 hrs	Nose Landing Gear TBO:	28,000 hrs
LH Main Landing Gear TSO:	0.00 hrs	LH Main Landing Gear TBO:	26,000 hrs
RH Main Landing Gear TSO:	0.00 hrs	RH Main Landing Gear TBO:	28,000 hrs

ENGINE STATUS

ENGINE TYPE:			JT8D-217C (Pos.#2 JT8D-15A)			ENGINE MANUFACTURER:		Pratt & Whitney	
ENGINE MAINT. PROGRAM:			On Condition with Pratt & Whitney Life Limits						
POS	SERIAL NUMBER	TOTAL TIME	TOTAL CYCLES	TSHSI		FIRST LIMIT		REMAINING TO DISC:	
				HOURS	CYCLES	HOURS	CYCLES	HOURS	CYCLES
1	P726188	0	0	0	0	0	20,000	0	20,000
2	700147	39,308.60	25,682	915.60	828	3,573.40	2,872	3,573.40 C2,T2,T3,T4	2,872 C2,T2,T3,T4
3	726189	0	0	0	0	0	20,000	0	20,000

APU STATUS

APU TYPE:		GTCP85-98CK		APU MANUF.:		Garrett Aerospace	
APU MAINT. PROGRAM:		On Condition					
PART NUMBER	SERIAL NUMBER	TOTAL TIME	TOTAL CYCLES	TSO		TSHSI	
				HOURS	CYCLES	HOURS	CYCLES
	P-35501	64,337.68 hrs.	Unknown	TBD	TBD	TBD	TBD

GENERAL DATA

INTERIOR:	
HISTORY	Delivered new to TWA March 28, 1979.

- Subject to verification.

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No. 5

LEASE SUPPLEMENT NO. 1

LEASE SUPPLEMENT NO. 1, dated February 20, 2001, between Pegasus Aviation, Inc., a California corporation ("Lessor"), and TransMeridian Airlines, Inc., a Texas corporation ("Lessee").

WITNESSETH

WHEREAS, Lessor and Lessee have previously entered into that certain Aircraft Lease Agreement dated as of February 5, 2001 (herein called the "Lease" and the defined terms therein being hereinafter used with the same meaning). The Lease provides for the execution and delivery of a Lease Supplement substantially in the form hereof for the purpose of leasing the Aircraft described below under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof.

WHEREAS, the Lease relates to the Aircraft and Engines as more precisely described below. A counterpart of the Lease is attached hereto and this Lease Supplement and the Lease shall form one document.

NOW THEREFORE, for and in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Lessor and Lessee hereby agree as follows.

1. Lessor hereby delivers and leases to Lessee under the Lease, and Lessee hereby accepts and leases from Lessor under the Lease, that certain Boeing model 727-200 Aircraft, United States Registration Number N54344, and Manufacturer's Serial Number 21631, and the two (2) Pratt & Whitney model JT8D-217C Engines, Manufacturer's Serial Numbers 726188 and 726189 and the one (1) Pratt & Whitney model JT8D-15A Engine, Manufacturer's Serial Number 700147 (each of which Engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower) (the "Delivered Aircraft").
2. The Commencement Date for the lease of the Delivered Aircraft is the date of this Lease Supplement set forth in the opening paragraph hereof.
3. The Term for the Delivered Aircraft shall commence on the Commencement Date and shall end sixty (60) months after the Rent Commencement Date, unless sooner terminated or unless extended in accordance with the terms of the Lease.
4. Lessee hereby confirms to Lessor that: (i) the Delivered Aircraft and each Engine installed thereon or belonging thereto have been duly marked in accordance with the terms of Section 6 of the Lease, (ii) Lessee has accepted the Delivered Aircraft for all purposes hereof and of the Lease, and (iii) Lessee has inspected the Delivered Aircraft and the Delivered Aircraft satisfies the conditions set forth in the Lease.

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IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement No. 1 to be duly executed as of the day and year first above written.

LESSOR:

PEGASUS AVIATION, INC.

By: Carol L. Chase

CAROL L. CHASE

Name: EXECUTIVE VICE PRESIDENT

GENERAL COUNSEL AND

Title: SECRETARY

LESSEE:

TRANSMERIDIAN AIRLINES, INC.

By: [Signature]

Name: A.D. ZHARAB

Title: CEO

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ASSIGNMENT AND ASSUMPTION AGREEMENT [21631]

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT [21631], dated January 6, 2003, (this "Agreement") is by and between PEGASUS AVIATION, INC., a California corporation (hereinafter, the "Assignor"), and ART 21631, LLC, a Delaware limited liability company (hereinafter, the "Assignee").

WITNESSETH

WHEREAS, the Assignor is the "Debtor" under the documents described in Appendix A as the Security Documents relating to that Boeing model 727-231 airframe, U.S. registration N54344 and manufacturer's serial number 21631 (the "Airframe") and the engines described in the Description of Security Documents section of Appendix A (collectively, the "Aircraft");

WHEREAS, the Assignor is the "Lessor" under the documents described in Appendix A as the Lease Documents relating to the Airframe and the engines described in the Description of Lease Documents section of Appendix A;

WHEREAS, the Assignor is a "Borrower" under the Amended and Restated Credit Agreement, dated as of November 24, 1999 (the "Credit Agreement"), among, *inter alia*, the Assignor, Wells Fargo Bank Northwest, N.A., as Collateral Trustee, UT Finance Corporation and Rohr Finance Corporation, as Lenders;

WHEREAS, pursuant to the terms of that certain Aircraft Contribution Agreement [21631], dated as of December 10, 2002 (the "Aircraft Contribution Agreement"), between the Assignor and the Assignee, the Assignor has conveyed, *inter alia*, all of its right, title and interest in and to the Aircraft to the Assignee;

WHEREAS, in furtherance thereof, the Assignor desires to contribute, assign, convey and transfer to the Assignee, and the Assignee desires to accept from the Assignor, such contribution, assignment, conveyance and transfer of all of the Assignor's right, title and interest in, to and under the Security Documents, the Lease Documents and the Lease Support, and to assume the Assignor's rights, liabilities and obligations under the Security Documents, the Lease Documents and the Lease Support, as hereinafter set forth;

WHEREAS, capitalized terms used herein and not otherwise defined herein shall have the meanings provided therefor in the Security Documents; and

NOW, THEREFORE, for and in consideration of all of the issued and outstanding membership interests of the LLC, the parties hereto agree as follows:

Section 1. Assignment. The Assignor hereby contributes, assigns, conveys and transfers all of its right, title and interest in and to the Security Documents, the Lease Documents and the Lease Support unto the Assignee, and its successors and assigns forever.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

ART 21631, LLC

By: 

Name: Philip V. Jackmauh
Title: Manager

PEGASUS AVIATION, INC.

By: 

Name: Greg A. Hawley
Title: Vice President and Corporate Counsel

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APPENDIX A
TO
ASSIGNMENT AND ASSUMPTION AGREEMENT

Description of Security Documents

The Airframe and two (2) Pratt & Whitney JT8D-219 engines bearing manufacturer's serial numbers 726188 and 726189 and one (1) Pratt & Whitney JT8D-15A/15 engine bearing manufacturer's serial number 700154 (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

(a) Aircraft Security Agreement dated as of March 31, 1999, between the Assignor as debtor and First Security Bank, National Association, now Wells Fargo Bank Northwest, National Association, as Collateral Agent, (the "Secured Party"), supplemented by Aircraft Security Agreement Supplement Nos. 1 thru 5 dated April 7, 1999, recorded by the FAA on May 20, 1999, as Conveyance No. RR018352, amended and restated by the Amended and Restated Aircraft Security Agreement dated as of November 24, 1999, supplemented by Aircraft Security Agreement Supplement No. 6 dated as of November 24, 1999, recorded February 4, 2000, as Conveyance No. I64908, supplemented by Aircraft Security Agreement Supplement No. 7 dated as of December 22, 1999, recorded February 4, 2000, as Conveyance No. I64909, Aircraft Security Agreement No. 9 dated as of February 25, 2000, recorded March 29, 2000, as Conveyance No. H99389, Aircraft Security Agreement Supplement No. 10 dated as of April 14, 2000, recorded April 25, 2000, as Conveyance No. HK017718, Aircraft Security Agreement Supplement No. 11 dated as of June 22, 2000, recorded August 7, 2000, as Conveyance No. Q65447, Aircraft Security Agreement Supplement No. 12 dated as of June 27, 2000, recorded August 3, 2000, as Conveyance No. R055773, Aircraft Security Agreement Supplement No. 13 dated as of June 28, 2000, recorded October 12, 2000, as Conveyance No. KK27316, Aircraft Security Agreement Supplement No. 14 dated as of August 14, 2000, recorded August 31, 2000, as Conveyance No. II019477, Aircraft Security Agreement Supplement No. 15 dated as of September 12, 2000, recorded October 10, 2000, as Conveyance No. X141341, Aircraft Security Agreement Supplement No. 16 dated as of September 22, 2000, recorded September 29, 2000, as Conveyance No. Q66067, Aircraft Security Agreement Supplement No. 17 dated as of September 27, 2000, recorded October 12, 2000, as Conveyance No. KK27318, Aircraft Security Agreement Supplement No. 18 dated November 22, 2000, recorded January 8, 2001, as Conveyance No. H101161, Aircraft Security Agreement Supplement No. 19 dated as of December 28, 2000, recorded January 10, 2001 as Conveyance No. H101165, Aircraft Security Agreement Supplement No. 20 dated March 23, 2001, recorded April 11, 2001, as Conveyance No. II021709, Aircraft Security Agreement Supplement No. 21 dated April 30, 2001, recorded May 8, 2001; as Conveyance No. X142952, Aircraft Security Agreement Supplement No. 22 dated May 9, 2001, recorded June 4, 2001, as Conveyance No. ZZ024590, Aircraft Security Agreement Supplement No. 23 dated May 24, 2001, recorded September 14, 2001, as Conveyance No. XX019017, Aircraft Security Agreement Supplement No. 24 dated June 20, 2001, recorded June 26, 2001, as Conveyance No. Q68211, and Aircraft Security Agreement Supplement No. 25 dated August 23, 2001, recorded September 25, 2001, as Conveyance No. BB35655; and

Appendix A-1

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(b) Collateral Trust Agreement (the "Collateral Trust Agreement"), dated as of September 10, 2002, among Pegasus Aviation, Inc. ("Pegasus"), the subsidiaries of Pegasus listed on the signature pages thereto under the heading "Pegasus Subsidiaries", as Pegasus Subsidiaries, the Lenders listed on the signature pages thereto under the heading "Lenders", as Lenders, the Agents listed on the signature pages thereto under the heading "Agents", as Agents, the Collateral Agents listed on the signature pages thereto under the heading "Collateral Agents", as Collateral Agents, Deutsche Bank Trust Company Americas, as Collateral Trustee and Deutsche Bank Trust Company Americas, as an Account Bank

(collectively, the "Security Documents").

Description of Lease Documents

The Airframe and two (2) Pratt & Whitney JT8D-219 engines bearing manufacturer's serial numbers 726188 and 726189 and one (1) Pratt & Whitney JT8D-15A/15 engine bearing manufacturer's serial number 700147 (each of which engines has 750 or more rated takeoff horsepower or the equivalent of such horsepower).

Aircraft Lease Agreement, dated as of February 5, 2001, between Pegasus, as Lessor and Transmeridian Airlines, Inc. as Lessee, as supplemented by Lease Supplement No. 1, dated February 20, 2001 (as further amended and supplemented, collectively the "Lease Documents").

Description of Lease Support

None.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered as of the date first above written.

ART 21631, LLC

By: 

Name: Philip V. Jackmauh

Title: Manager

PEGASUS AVIATION, INC.

By: 

Name: Greg A. Hawley

Title: Vice President and Corporate Counsel

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