



Non-Incident Statement

May-14-2013

This is to confirm that, based on the record review by the signatory at the time of the redelivery, the following engine CFM56-5A1 ESN 731324 was operated by Air Canada on A/C #404 (MSN 231) between 2012-10-16 and 2013-01-15.

During that period the engine has accumulated 692 Hours and 242 Cycles.

The subject engine has not operated on any U.S. and/or Foreign Government or military aircraft, have not been subjected to any extreme heat or other form of extreme stress, e.g., major engine failure, fire, or involved in an incident or accident as defined by the relevant authority, and have not been immersed in salt water or otherwise exposed to corrosive agents outside normal operation.

We also confirm that No PMA/non-OEM materials or material containing non-OEM repairs were incorporated into the engine during the time it was operated by Air Canada.

Signature:

A handwritten signature in black ink, appearing to read "René Dessureault", written over a horizontal line.

Print: René Dessureault

Position Title: Engine Maintenance Quality Rep.

Date: May 14, 2013

Bill of Sale - MSN 109

BY THIS BILL OF SALE MALC LEASE NINE LTD. (the "Seller") does hereby, with full title guarantee (save for any Permitted Liens), sell, grant and transfer, in accordance with the terms of an Aircraft Sale and Purchase Agreement dated 22 August 2007 (the "Sale Agreement") and made between the Seller and GA TELESIS A320 MSN 109 LLC (the "Buyer"), all its rights, title and interest in and to the Aircraft specified below to the Buyer for and in consideration of the Purchase Price (as defined in the Sale Agreement) receipt of which is hereby acknowledged by Seller:

one Airbus A320-200 aircraft, with manufacturer's serial number with two CFM56-5A1 engines bearing manufacturer's serial numbers and 731324.


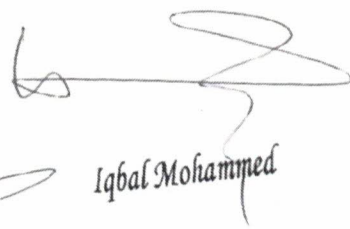

and the Aircraft is sold "as is where is" and subject to any Permitted Liens but free from all other Encumbrances.

The Seller hereby warrants to Buyer and its successors and assigns on the date hereof that immediately prior to Delivery it is the legal and beneficial owner of the Aircraft, that it has the right to sell the Aircraft and that there is hereby conveyed to the Buyer full legal and beneficial title to the Aircraft subject to any Permitted Liens but free from all other Encumbrances. The Seller further warrants to the Buyer and its successors and assigns that it shall defend such title to the Aircraft against all claims and demands of any person whatsoever.

Terms and expressions defined in the Sale Agreement (including those defined by reference to another document) have the same meanings when used in this Bill of Sale.

IN WITNESS whereof MALC Lease Nine Ltd. has caused this Bill of Sale to be duly executed on 22 August 2007 and delivered to the Buyer.

SIGNED by
for and on behalf of
MALC Lease Nine Ltd.

)
)
)



Iqbal Mohammed

ENGINE LEASE AGREEMENT

THIS ENGINE LEASE AGREEMENT (the "**Agreement**" or "**Lease**") is dated as of the 31st day of May, 2012, between GA Telesis, LLC, a Delaware limited liability company, located at 1850 NW 49th Street, Fort Lauderdale, FL 33309, USA ("**Lessor**") and Air Canada, a corporation amalgamated under the federal laws of Canada, located at 730 Cote Vertu West, Dorval, Quebec, H4Y 1C2 ("**Lessee**").

WHEREAS, Lessor is owner and holder of title of that certain aircraft engine (the "**Engine**", as more particularly defined herein and identified in the Equipment Schedule referenced below);

WHEREAS, Lessee desires to lease from the Lessor and the Lessor is willing to lease to Lessee, such Engine, 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:

1. **Definitions.** The following capitalized terms used in this Agreement shall have the meanings set forth below:

"**Aviation Authority**" shall mean Transport Canada ("**TC**") or the Federal Aviation Administration ("**FAA**") or European Aviation Safety Agency ("**EASA**"), whichever the case may be.

"**Basic Rent**" shall mean the monthly amount payable in advance from the Term Beginning Date for the Engine as set forth in the Equipment Schedule.

"**Basic Rent Payment Date**" shall mean the date that Basic Rent is due and payable and shall be calculated from the Term Beginning Date. It is further understood and agreed that if a Basic Rent Payment Date shall fall on a day which is not a Business Day; any payment due on such Basic Rent Payment Date shall be made on the next Business Day.

"**Business Day**" shall mean any day other than a Saturday or Sunday or a day on which banking institutions in New York, New York, Montreal, Quebec or Winnipeg, Manitoba are authorized or required by law to be closed.

"**Default**" shall mean any event that with the passage of time or the giving of notice or both would result in an Event of Default.

"**Default Rate**" has the meaning specified in Section 6.

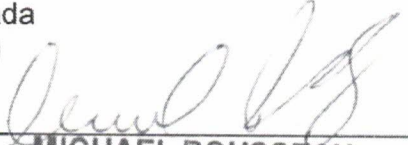
(xii) Confidentiality. Except as may be required by law or pursuant to judicial proceedings, or in respect of any Lessor's Lender, neither party shall disclose the terms of this Agreement (including all Equipment Schedules) to any third party without the prior written consent of the other party. This obligation shall survive two (2) years after the termination or expiration of this Agreement for any reason whatsoever.

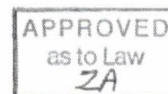
20. **Consent to Sublease; and Assignment.** Lessee shall not assign the Lease in whole or in part, nor shall Lessee sublease the Engine ("Sublease") except with the prior written consent of Lessor, and any such attempted assignment or sublease by Lessee will be null and void. Upon Lessor's written permission, Lessee may sublease the Engine to a duly qualified commercial aircraft operator approved by Lessor ("Sublessee").

Lessee at all times shall remain responsible for all obligations of this Lease.

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

Air Canada
(Lessee)

By: 
Name: MICHAEL ROUSSEAU
Title: EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER



GA Telesis, LLC
(Lessor)

By: _____
Name: _____
Title: _____

(xii) Confidentiality. Except as may be required by law or pursuant to judicial proceedings, or in respect of any Lessor's Lender, neither party shall disclose the terms of this Agreement (including all Equipment Schedules) to any third party without the prior written consent of the other party. This obligation shall survive two (2) years after the termination or expiration of this Agreement for any reason whatsoever.

20. **Consent to Sublease; and Assignment.** Lessee shall not assign the Lease in whole or in part, nor shall Lessee sublease the Engine ("Sublease") except with the prior written consent of Lessor, and any such attempted assignment or sublease by Lessee will be null and void. Upon Lessor's written permission, Lessee may sublease the Engine to a duly qualified commercial aircraft operator approved by Lessor ("Sublessee").

Lessee at all times shall remain responsible for all obligations of this Lease.

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

Air Canada
(Lessee)

By: _____
Name: _____
Title: _____

GA Telesis, LLC
(Lessor)

By: 
Name: Andrew Toult
Title: Executive Vice President

EQUIPMENT SCHEDULE NO. 2

This 731324—Equipment Schedule No. 2, dated 21 September, 2012, between GA Telesis, LLC, a Delaware limited liability company ("**Lessor**") and Air Canada, a corporation amalgamated under the laws of Canada ("**Lessee**").

This Equipment Schedule supplements the Engine Lease Agreement dated as of 31st of May, 2012 (the "**Lease**"), between Lessor and Lessee and the following described Engine is hereby subject to the terms and conditions of the Lease:

1. Engine: CFMI CFM56-5A1 bearing Engine Serial Number 731324 with the installed QEC listed in Attachment 1 to this Equipment Schedule, less nose cowl and thrust reverser.
2. Engine Stand: engine transportation stand bearing serial number TC8633.
3. Owner: GA Telesis MSN 109, LLC a Delaware limited liability company
4. Lessor: GA Telesis, LLC a Delaware limited liability company
5. Lessor's Lender(s) : N/A
6. Lessee: Air Canada
7. Engine Replacement Value –
8. Engine Stand Replacement Value -
9. Liability Insurance -
10. Deposit:
11. Basic Rent: Basic Rent for the Engine shall be payable monthly in advance on the Delivery Date and Basic Rent will thereafter be payable in advance for the next month on each anniversary of the Delivery Date ("**Basic Rent Payment Date**") at the rate of US Dollars (US) per month.

12. Utilization Fees: For each Relevant Month of the Lease Term, Lessee shall pay the Utilization Fees at the rates set forth below. For each Relevant Month of the Lease Term, Lessee will provide the actual flight hours and flight cycles for such Relevant Month no later than the seventh (7th) Business Day of the Following Month. Lessor shall send an invoice to Lessee in respect of the Utilization Fees no later than the tenth (10th) Business Day of the Following Month and Lessee shall pay such invoice on or prior to the end of such Following Month.

The rate will be US _____ per flight cycle plus an amount per flight hour computed in accordance with the hour to cycle ratio matrix below based on the actual utilization:

Hour to Cycle Ratio	Per Flight Hours
0.5-0.74	\$
.75-.99	\$
1-1.24	\$
1.25-1.49	\$
1.5-1.74	\$
1.75-1.99	\$
2-2.24	\$
2.25-2.49	\$
2.5-2.74	\$
2.75-2.99	\$
3-3.24	\$
3.25-3.49	\$
3.5-3.74	\$
3.75-3.99	\$
4-4.24	\$
4.25-4.5	\$

The Monthly Utilization Fees shall not exceed _____ per month.

13. Term Beginning Date: September 21, 2012, the same as Delivery Date.
14. Delivery Date: September 21, 2012.
15. Delivery Location: Tarmac Facility, Tarbes (France)
16. Redelivery Location: Fort Lauderdale, FL
17. Term Expiry Date: Sixty (60) days after the Delivery Date, unless terminated earlier in accordance with the terms of this Lease.

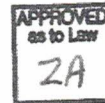
18. Delivery Documents: List of documents is contained in Exhibit D
19. Definitions: Capitalized terms used but not defined in this Equipment Schedule No.2 shall have the meaning assigned to them in the Lease.

IN WITNESS WHEREOF, the parties have executed this Equipment Schedule No. 2 as of the date first written above.

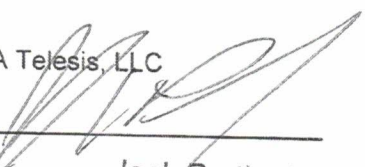
For Air Canada

By: 
MICHAEL ROUSSEAU
Name: EXECUTIVE VICE PRESIDENT &
CHIEF FINANCIAL OFFICER

Title: _____



For GA Telesis, LLC

By: 
Name: Jack Portlock
Senior Vice President
Title: Chief Financial Officer