

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

**GRUPO AEROMÉXICO, S.A.B. de C.V., et
al.,

Debtors.¹**

Chapter 11

Case No. 20-11563 (SCC)

(Jointly Administered)

**ORDER AUTHORIZING DEBTOR AEROVÍAS DE MÉXICO, S.A.
DE C.V. TO ENTER INTO TRANSACTIONS WITH TOTAL ENGINE
ASSET MANAGEMENT PTE. LTD.**

Upon the motion (the “**Motion**”)² of the Debtors for entry of an order (this “**Order**”) authorizing, but not directing, Debtor Aerovías de México, S.A. de C.V. (the “**Debtor Lessee**”) to enter into the Transactions, as set forth more fully in the Motion, the Letter of Intent attached hereto as **Exhibit 1**, and the Landess Declaration; and the Court having jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334 and the *Amended Standing Order of Reference M-431*, dated January 31, 2012 (Preska, C.J.); and consideration of the Motion and the relief requested therein being a core proceeding under 28 U.S.C. § 157(b); and venue of the Chapter 11 Cases and related proceedings being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and due and proper notice of the Motion having been provided to the notice parties identified in the Motion; such notice having been adequate and appropriate under

¹ The Debtors in these cases, along with each Debtor’s registration number in the applicable jurisdiction, are as follows: Grupo Aeroméxico, S.A.B. de C.V. 286676; Aerovías de México, S.A. de C.V. 108984; Aerolitoral, S.A. de C.V. 217315; and Aerovías Empresa de Cargo, S.A. de C.V. 437094-1. The Debtors’ corporate headquarters is located at Paseo de la Reforma No. 243, piso 25 Colonia Cuauhtémoc, Mexico City, C.P. 06500.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion.

the circumstances, and it appearing that no other or further notice need be provided; and the Court having reviewed the Motion and considered the relief requested therein; and upon all of the proceedings had before the Court; and after due deliberation the Court having determined that the legal and factual bases set forth in the Motion establish just cause for the relief granted herein; and the Court having found that the relief granted herein is in the best interests of the Debtors, their creditors, and all other parties in interest; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Motion is granted to the extent set forth herein.
2. The Debtors are authorized (but not directed), pursuant to section 363(b) of the Bankruptcy Code, to enter into, and perform their obligations by, the Transactions, which will contain terms substantially consistent with those set forth in the Letter of Intent attached hereto as **Exhibit 1**.
3. The Debtors are authorized (but not directed) to execute, deliver, provide, implement, and fully perform any and all obligations, instruments, and papers provided for or contemplated in the Transactions, as provided in the terms and conditions set forth in the Letter of Intent, and to take any and all actions to implement the Letter of Intent and the Transactions.
4. The Debtors' obligations under the Transactions shall constitute administrative expenses of the Debtors' estates pursuant to sections 503(b)(1) and 507(a)(2) of the Bankruptcy Code.
5. Notwithstanding any subsequent appointment of any trustee(s) under any chapter of the Bankruptcy Code, this Order shall be binding in all respects upon, and

shall inure to the benefit of, the Debtors, their estates, and their creditors, their respective affiliates, successors, and assigns, and any affected third parties, including, but not limited to, TEAM and all other persons asserting interests in the relevant engines and/or the relief approved by, and the agreements entered in connection with, the Engine Maintenance Order.

6. The Debtors are authorized to take, or refrain from taking, any action necessary or appropriate to implement and effectuate the terms of, and the relief granted in, this Order without seeking further order of the Court.

7. While the above referenced Chapter 11 Cases are pending, this Court shall retain exclusive jurisdiction over any and all matters arising from or related to the implementation, interpretation, and enforcement of this Order, the Letter of Intent, and the Transactions.

Dated: October 21, 2021
New York, New York

/S/ Shelley C. Chapman
THE HONORABLE SHELLEY C. CHAPMAN
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Letter of Intent

**AEROVÍAS DE MÉXICO, S.A. DE C.V.
ENGINE LEASE AGREEMENT**

INDICATIVE SUMMARY OF PRINCIPAL TERMS AND CONDITIONS

August 30, 2021

This Indicative Summary of Principal Terms and Conditions (this “Summary of Terms”) is for discussion purposes only. No legally binding obligations will be created prior to execution of definitive transaction documents signed by the parties thereto, except for the provisions under the headings “Costs and Expenses” and “Confidentiality” below which are intended by the parties hereto to be legally binding obligations.

Transaction Overview	Lessor and Lessee will enter into one or more new engine lease agreements (each, a “Lease” and together, the “Leases”) in connection with the sale and subsequent leaseback of two (2) Engines (as defined below). Upon signing of this Summary of Terms, the parties will negotiate in good faith to finalize and execute definitive documentation (the “Documentation”) that reflects the terms and conditions specified in this Summary of Terms and sets forth other specific terms of Lessee’s agreement to sell such Engines to Lessor and Lessor’s agreement to purchase such Engines from Lessee, and Lessee’s subsequent agreement to lease such Engines from Lessor and Lessor’s agreement to lease such Engines to Lessee. Documentation will be prepared by Lessee’s counsel and will be based on Lessee’s form lease agreement.
Lessor	Total Engine Asset Management Pte. Ltd., or its subsidiary or partner companies, (“Lessor”), provided that Lessor must be a resident of a country with a tax treaty with Mexico and must annually provide to Lessee a tax certificate of Lessor’s residence.
Manufacturer	CFM International, Inc. (“Manufacturer”)
Lessee	Aerovias de México, S.A. de C.V., as lessee under each Lease (“Lessee”).
Engine	Two (2) Engines to be selected by Lessee from the five (5) engines described in Appendix 1 hereto. Such selection shall occur during documentation.
Currency	United States of America Dollars (“US\$”)
Engine	The purchase price for each Engine (the “Engine Purchase Price”) is set out in Appendix 1 hereto.
Purchase Price and Payment	The Engine purchase price shall be made free and clear of all taxes; provided, however, that in the event there any sales taxes imposed on Lessor in connection with the sale of the Engines, such taxes shall be for Lessee’s account.
Basic Rent	<p>During the Lease Term, Basic Rent shall be paid monthly in advance in a fixed amount per month equal to the “Fixed Rent” as set out in Appendix 1 hereto (“Fixed Rent”).</p> <p>The Fixed Rent as set out in Appendix 1 is based on an interest rate (“Assumed Rate”) of [REDACTED].</p>

On the Delivery Date, the Fixed Rent shall be adjusted upwards or downwards to reflect the difference between Assumed Rate and the actual rate as follows:

$$A = B + (C - D) \times E \times 10,000$$

Where:

A = the adjusted monthly Fixed Rent amount

B = the Fixed Rent amount as set out in Appendix 1

C = the actual [REDACTED] at 11:00am London time as at two (2) banking days prior to the Delivery Date

D = the Assumed Rate

E = \$[REDACTED]

All payments by Lessee to Lessor shall be made by wire transfer to an account nominated by Lessor.

All payments from Lessee to Lessor will be made free and clear of all taxes and duties whatsoever including, without limitation, withholding taxes or goods sales taxes or any other deductions. Lessee shall gross up any payment that is subject to any deduction on account of tax, subject to customary exceptions. Furthermore, Lessee shall be responsible for all costs and expenses associated with Lessee's use, sale, lease, registration, de-registration, operation and sub-lease of the Engine, including, without limitation, maintenance, insurance and taxes.

**Expected
Delivery Date**

As set out in Appendix 1 hereto.

Delivery Location

CFM delivery center in USA or a location outside Mexico to be mutually agreed between the parties. For avoidance of doubt, transportation cost from Delivery Location to Lessee's location shall be borne by Lessee.

**Delivery
Condition**

Factory new (Two first engines were already delivered and installed)

**Lease Term
Extension
Options**

The last day of the Lease Term shall be the "*Expiry Date*" as set out on Appendix 1 hereto. Lessee shall have the option, upon no less than [REDACTED] days' prior written notice which such notice shall be irrevocable, to extend the Lease Term for [REDACTED] successive extension terms (each, an "*Extension Term*"), with each Extension Term having a term of [REDACTED] to [REDACTED] years as selected by Lessee, the rent shall be based on mutual agreements between Lessee and Lessor and in any case the extension rent will not be higher than the original rent.

Security Deposit

Lessee shall pay Lessor a security deposit, either in cash or by providing a letter of credit, equal to [REDACTED] per Engine, prior to engine delivery. In the case of letter of credit, it shall be issued by a bank of international repute and

confirmed by a bank in Singapore.

[REDACTED]

If Lessee complies on [REDACTED] with [REDACTED] to the Engine and the cost of performing [REDACTED], and if such cost is not covered by the agreement [REDACTED], Lessor will [REDACTED] in accordance with the following [REDACTED]

Inspection Rights

Lessor will have the right to inspect each Engine and related records annually at its own cost and expense, subject to no unreasonable interference with Lessee's operations and to certain other conditions to be agreed in the Lease. Any such inspection shall be limited to a visual inspection and shall not include the disassembly of any components.

Maintenance

During the Lease Term, and subject to any AD cost sharing as set forth above, Lessee shall be responsible for all Engine maintenance as set forth in the Lease. The Aeroméxico engine maintenance manual shall be based on the Manufacturer's maintenance planning document as amended by the Lessee based on Lessee's operating experience.

Lessor acknowledges that Lessee has an agreement with the Manufacturer (On Point coverage Rate per flight hour agreement with CFM International, Inc. "Service Agreement") ("*Maintenance Performer*") to perform any applicable maintenance and Lessor agrees that the Maintenance Performer is an acceptable maintenance performer to Lessor.

Lessee shall provide Lessor with a monthly Engine utilization report.

Lessee shall provide Lessor with Engine health trend reports/plots and service bulletin/modification status biannually.

Neither PMA parts nor FAA-DER repairs, unless approved and authorized by Manufacturer and their part numbers listed in Manufacturer's IPC, shall be utilized on the Engine during maintenance.

Lessee shall perform an Engine water wash in accordance with Aeroméxico engine maintenance manual which shall not be less restrictive than OEM's recommendation.

**Maintenance
Redelivery
Payments**

Lessee shall pay Maintenance Redelivery Payments for each Engine [REDACTED], by comparing (i) the maintenance condition of the Engines and Engine LLPs as of brand new and (ii) the maintenance condition of the Engines and Engine LLPs as of the Expiry Date (or if the Lease terminates due to an Engine failure or partial damage or loss, as of the moment in time immediately prior to such failure, damage or loss).

Such Maintenance Redelivery Payments will be from Lessee to Lessor or from Lessor to Lessee in case the amounts of Maintenance Redelivery Payments are lower than the amount of Maintenance Reserves paid. The rates used in calculating

such Maintenance Redelivery Payments will be based on a) [REDACTED] and b) [REDACTED] (each, an “*Engine Performance Restoration*”) as of the Expiry Date. Engine Performance Restoration costs and MTBR shall be calculated on a [REDACTED] as set out in Appendix 3 hereto. If parties are unable to agree on the rates, then an average from [REDACTED] different shop quotations shall be used ([REDACTED] from the Lessor and [REDACTED] from the Lessee).

Engine LLP Maintenance Redelivery Payments will be calculated by the then-current Manufacturer list price of each LLP divided by the ultimate life limit of such LLP. The amount of Maintenance Redelivery Payments as a result of the above calculation shall be reduced by the balance held by the Lessor for Maintenance Reserves. If the resulting balance is positive, then the Lessee shall pay to the Lessor such positive balance. If the resulting balance is negative, then the Lessor shall pay to the Lessee such negative balance.

[REDACTED]

Lessee shall provide [REDACTED] to cover [REDACTED]. Such [REDACTED] during the Lease shall be [REDACTED] and further Lessee obligation for [REDACTED] shall continue to [REDACTED] throughout the remaining Lease period. If an Event of Default occurs, all [REDACTED] shall be immediately [REDACTED] to Lessor.

[REDACTED] shall be allocated for the various [REDACTED] in accordance with [REDACTED] in the Appendix 3. The percentage above may be adjusted subject to mutual agreement between Lessee and Lessor

[REDACTED] to cover [REDACTED] shall not be required provided that (i) [REDACTED] is acceptable to the Lessor and (ii) Lessee, Lessor and [REDACTED] which is acceptable to Lessor.

- in respect of [REDACTED]
- (i) in respect of [REDACTED] for each engine [REDACTED] in the Appendix 3 [REDACTED]

[REDACTED] are based upon the following [REDACTED]

[REDACTED]The Lease Agreement shall contain [REDACTED] showing appropriate [REDACTED] if there are changes during the Lease Term [REDACTED]

LEAP-1B28				
	1.5	2	2.5	3
0%	[REDACTED]	[REDACTED][REDACTED]	[REDACTED]	[REDACTED]
5%	[REDACTED]	[REDACTED][REDACTED]	[REDACTED]	[REDACTED]
10%	[REDACTED]	[REDACTED][REDACTED]	[REDACTED]	[REDACTED]
15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20%	[REDACTED]	[REDACTED][REDACTED]	[REDACTED]	[REDACTED]

	LEAP-1B28B1			
	1.5	2	2.5	3
0%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
5%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
10%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
15%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
20%	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

**Redelivery
Procedure**

At return, the Engine shall comply with the return conditions specified in Appendix 2 hereto.

**Engine
Documents**

Engine records (the “*Engine Documents*”) will be maintained in accordance with the rules and regulations of the Aviation Authority and will comply with the requirements of the FAA for Part 129 operators. Engine Documents will be in English. If an English language version is not readily available in which case Lessee and Lessor will find mutually acceptable solution.

**Replacement of
Parts**

Lessee shall be entitled to remove and replace any component, furnishing or equipment furnished with the Engine (“*Parts*”) on terms and conditions to be set out in the Lease.

Insurance

On or before Delivery, and throughout the Lease Term for the Engine, Lessee shall at its own cost and expense maintain and keep in full force and effect with respect to the Engine, aircraft insurance with insurers of recognized standard and good repute in the international aviation markets so as to cover, inter-alia, hull all risks, hull war and allied risks and third party liability risks pursuant to Lessee’s fleet policy, evidenced by insurance certificates and broker’s letters, in form and substance satisfactory to Lessor.

All Hull insurance cover (including for war and allied perils) shall be maintained for a minimum of the [REDACTED]% of Purchase Price with a reduction of [REDACTED]% per year starting from the 13th month of the Delivery Date, and with a deductible of no more than US\$[REDACTED] per engine when the engine is on-wing and US\$[REDACTED] per engine when the engine is on-ground.

Liability insurance shall be maintained in a combined single limit of no less than US\$[REDACTED].

The Lessor, its financiers and/or its designees, shall be named in the insurance certificates (or an endorsement) as sole Loss Payee under each and all hull, and hull war, insurances.

The Lessor, its financiers and/or its designees shall be named as an Additional Insured under any Liability insurances.

The Lessor shall have full Breach of Warranty cover under the Insurances covering the Engine.

Subleasing

Subject to the prior written consent of Lessor (not to be unreasonably withheld or delayed), Lessee may sublease the Engine on terms and conditions to be set out in the Lease; provided that no Lessor consent shall be required if the sublease is to a member of Grupo Aeromexico (as defined below) or to Delta Air Lines, Inc. "*Grupo Aeromexico*" means Grupo Aeromexico S.A.B. de C.V. and any entity of which Grupo Aeromexico S.A.B. de C.V. owns directly or indirectly more than fifty per cent (50%) of the voting share capital, assuming that operations by such companies are not under harsh environment.

Transfers

Lessor may transfer or assign its rights in the Documentation and/or the Engine after the Engine is delivered under the Lease, provided that: (i) Lessor shall promptly notify Lessee in writing of any proposed transfer and all relevant details with respect thereto; (ii) Lessor shall pay Lessee's reasonable and documented out of pocket expenses in conjunction with any Lessor transfer; (iii) the transferee is experienced in the business of engine leasing or serviced by such person; (iv) the transferee/assignee provides Lessee with a quiet enjoyment undertaking letter in form and substance acceptable to the Lessee, with such a form to be agreed in the Documentation; (v) the transferee/assignee has a tangible net worth of at least \$[REDACTED] [REDACTED], with a certificate of such tangible net worth being a condition precedent to entering into the transfer; (vi) neither the transferee/assignee nor any of its affiliates is an airline or a direct competitor of Lessee; (vii) such Lessor transfer shall not increase any of Lessee's risk, obligations, responsibilities, liabilities, costs (including without limitation with respect to taxes) or decrease the Lessee's rights under the Lease as determined as of the date of such transfer or assignment; and (viii) the transferee/assignee assumes any and all payment and other obligations of Lessor. If the Lessor is a trust or other SPV, the foregoing requirements shall apply to the owner participant or beneficial owner of such trust or SPV.

Quiet Enjoyment

Lessor and any financing party shall guarantee Lessee's right to quiet enjoyment, control and possession of the Engine during the lease term subject to the terms of the Lease.

Recognition of Rights Agreement

Lessee shall coordinate with aircraft lessors which are owners of aircraft which the Engine is installed on and cooperate to obtain Recognition of Right Agreement if required by Lessor, provided that Lessor may not require a Recognition of Rights Agreement where the owner of the aircraft upon which the Engine is installed is Lessee, Grupo Aeromexico or an affiliate of Lessee or Grupo Aeromexico.

Conditions Precedent

The obligation of Lessor and Lessee to enter into the Documentation is subject to the condition precedent that the parties obtain any necessary governmental and corporate approvals, including but not limited to approval from the U.S. Trustee, the Unsecured Creditors Committee or the entities providing the debtor-in-possession financing to the Debtors and any of their respective Related Persons (as

defined below), in order for the parties to properly enter into and perform their respective obligations under the Documentation.

- Events of Default** To be determined by the parties in the Documentation, provided that the parties agree that the Documentation will not include events of default relating to a cross-default, no financial indebtedness and no material adverse change.
- Governing Law** This Summary of Terms and the Documentation will be governed by the laws of the State of New York.
- Costs and Expenses** Lessee and Lessor will bear their own costs and expenses incurred in the negotiation and completion of the Documentation. If applicable, the cost of importing the Engine into Mexico shall be borne by Lessee. Lessee will also issue, at no cost to Lessor, a customary in-house legal opinion as to Mexican law matters. If Lessor requires an external Mexican legal opinion, Lessor will bear all costs related thereto.
- Confidentiality** This Summary of Terms is strictly confidential and must not be revealed by Lessor or Lessee to any person other than those employees, directors, officers, or professional advisers (collectively, "Related Persons") of the parties hereto (as applicable) who are responsible for analyzing, negotiating and approving the transaction and who are made aware of the confidential nature of this Summary of Terms. Notwithstanding the foregoing, the Lessee may disclose this Summary of Terms (i) as may be required to obtain the bankruptcy court's approval of this Summary of Terms or the Documentation; or (ii) to the U.S. Trustee, the Unsecured Creditors Committee or the entities providing the debtor-in-possession financing to the Debtors and any of their respective Related Persons.
- Lessor Contribution** Lessee can irrevocably choose Case 0, Case 1, Case 2 or Case 3 stated as below at the beginning of Lease. In Case 1, Case 2 or Case 3, if Lessee has successfully completed all obligations of the original Lease Term set out in the Lease Agreement without any Event of Default, Lessor shall disburse Lessor Contribution to Lessee at the expiry of original Lease Term.
- <Case 0> Discount for Engine Purchase Price: US\$[REDACTED]
<Case 1> Discount for Engine Purchase Price: US\$[REDACTED]
<Case 2> Discount for Engine Purchase Price: US\$[REDACTED]
<Case 3> Discount for Engine Purchase Price: US\$[REDACTED]

Signature Page

AEROVÍAS DE MÉXICO, S.A. DE C.V.

AEROVÍAS DE MÉXICO, S.A. DE C.V.

TOTAL ENGINE ASSET MANAGEMENT PTE. LTD., as lessor

Hitoshi Nakamura
Vice President / Director

APPENDIX 1

Engine No. 1

Lessor: Total Engine Asset Management Pte. Ltd.

Engine: CFM LEAP-1B28

Engine

Purchase Price
after Discount:

[REDACTED]

Fixed Rent:

[REDACTED]

Expected

Delivery Date:

May 2021

Expiry Date:

[REDACTED] months after the Delivery Date

Lessor

Contribution

[REDACTED]

[REDACTED]

Both Shall be provided in cash in accordance with [REDACTED] of this
Summary of Terms.

Engine No. 2

Lessor: Total Engine Asset Management Pte. Ltd.

Engine: CFM LEAP-1B28

Engine

Purchase Price
after Discount:

[REDACTED]

Fixed Rent:

[REDACTED]

Expected

Delivery Date:

June 2021

Expiry Date:

[REDACTED] months after the Delivery Date

Lessor
Contribution

[REDACTED] [REDACTED]
Both Shall be provided in cash in accordance with [REDACTED] of this
Summary of Terms.

Engine No. 3

Lessor: Total Engine Asset Management Pte. Ltd.

Engine: CFM LEAP-1B28B1

Engine
Purchase Price
after Discount:

[REDACTED]

Fixed Rent:

[REDACTED]

Expected
Delivery Date:

November 2021

Expiry Date: [REDACTED] months after the Delivery Date

Lessor
Contribution

[REDACTED] [REDACTED]
Both Shall be provided in cash in accordance with [REDACTED] of this
Summary of Terms.

Engine No. 4

Lessor: Total Engine Asset Management Pte. Ltd.

Engine: CFM LEAP-1B28B1

Engine
Purchase Price
after Discount:

[REDACTED]

Fixed Rent:

[REDACTED]

[REDACTED]
Expected
Delivery Date: January 2022
Expiry Date: [REDACTED] months after the Delivery Date

Lessor
Contribution

[REDACTED]
[REDACTED] Both Shall be provided in cash in accordance with [REDACTED] of this
Summary of Terms.

Engine No. 5

Lessor: Total Engine Asset Management Pte. Ltd.

Engine: CFM LEAP-1B28B1

Engine
Purchase Price
after Discount: [REDACTED]
Fixed Rent:
[REDACTED]

Expected
Delivery Date: March 2022
Expiry Date: [REDACTED] months after the Delivery Date

Lessor
Contribution

[REDACTED]
[REDACTED] Both Shall be provided in cash in accordance with [REDACTED] of this
Summary of Terms.

APPENDIX 2

REDELIVERY CONDITIONS

Lessee shall redeliver the Engine to Lessor for technical acceptance (“*Technical Acceptance*”) by delivering the Engine to a maintenance or storage facility in Mexico as selected by Lessee (the date of such delivery, the “*Redelivery Date*”), in compliance with the conditions specified below. Lessor shall bear the insurance, shipping and importation costs of the Engine if Lessor requires the Engine to be shipped outside of Mexico. For the avoidance of doubt, the Lease will terminate at redelivery in Mexico and Lessee will provide support, at Lessor’s request and at Lessor’s sole cost and risk, with shipping from Mexico. For the avoidance of doubt, there shall be no requirements for Technical Acceptance other than those specified in this Appendix.

Promptly after Lessee has tendered the Engine for redelivery to Lessor in the required return condition (and in any event within seven days after the Expiry Date), Lessor shall execute and deliver to Lessee a redelivery acceptance certificate confirming Technical Acceptance and redelivery of the Engine to Lessor. Lessee shall not be obligated to pay rent in respect of any period after the date on which the Engine complies with the required return condition and Lessee has tendered the Engine for redelivery to Lessor.

A. Maintenance Program

The Engine shall be in compliance with the Lessee’s maintenance program (the “*Maintenance Program*”), which shall be based on the Manufacturer’s Maintenance Planning Document and approved by the AFAC of Mexico (the “*Aviation Authority*”).

Lessee will comply with any ADs or mandatory SBs that require compliance on or within the next [REDACTED] days from the [REDACTED] day of the Lease Term.

B. General Condition

The Engine shall be in good operating condition, normal wear and tear excepted, and returned together with any engine stand and cover bag on which it was delivered to the Lessee and accompanied by a valid FAA 8130-3 (and EASA Form One if available) demonstrating that the Engine is in an airworthy condition and suitable for immediate installation in an aircraft.

If the Engine has undergone maintenance, a shop visit, on-wing maintenance and any ratification or repair, and the Engine, Engine LLP and HT Parts / Components are effected, Lessee shall provide relevant certification supported by FAA Form 8130-3 or Manufacturer engine data submittal as applicable.

If Lessee has replaced any Life Limited Parts, HPT blades, LPT Stage 1 NGVs, Fan Blades or HPT NGV during the Lease Term, Lessee shall provide a full substantiation of the serviceable status and trace back to new of any replaced LLPs, HPT blades, LPT Stage 1 NGVs, Fan Blades or HPT NGV.

If Lessee has replaced any HPT blades, LPT Stage 1 NGVs, Fan Blades or HPT NGV during the Lease Term, Lessee shall provide a full substantiation of the serviceable status of any replaced HPT blades, LPT Stage 1 NGVs, Fan Blades or HPT NGV if such information is required to be tracked by the Manufacturer.

Lessee shall procure that all parts that have an on condition or condition monitoring maintenance process will be supported by an FAA Form 8130-3, the aforementioned is excluded for consumable materials and

no serialized parts.

Lessor shall further procure that no Engine is on engineering watch, on a reduced interval inspection or otherwise has any defect that reduces the Flight Hour or Cycles (whichever is more limiting) of remaining life pursuant to OEM's or airworthiness requirement until the next then applicable performance restoration unless such watch or inspection is part of the recommended OEM engine maintenance practices/manual, SB's, and AD's.

The Engine does not have to be returned with the original Engine parts as fitted at Delivery. However, each replaced part shall be of at least the same P/N and modification standard as the part installed in or attached to the Engine at Delivery

C. Redelivery Check

The Engine shall have completed the Redelivery Check (as defined below), and following such Redelivery Check the Engine shall not be used in commercial passenger operations.

"Redelivery Check" means the inspection checks recommended by the OEM comprising all of the tasks listed in the current revision of the applicable engine Manufacturer's maintenance planning document (MPD) corresponding to an aircraft C-Check (or equivalent) and applicable to the Engine. The inspection check shall be carried out in accordance with Lessee's Maintenance Program.

The Engine Fuel and Oil System shall be preserved long term per the AMM].

D. Engine LLP Minimum

No Engine LLP shall have fewer than [REDACTED] cycles remaining to reaching the then Manufacturer's published Chapter 5 life limit (the "*Engine LLP Hard Life Cycle Minimum*"). Notwithstanding the foregoing, Lessee may request of [REDACTED], the allowance of [REDACTED]. In the case if such service bulletin or other action is available to be incorporated at or prior to redelivery, [REDACTED] to redelivery.

E. Engine Performance Restoration Hard Time Minimum

The Engine shall have no fewer than [REDACTED] flight hours and [REDACTED] cycles remaining (the "*Engine Performance Restoration Hard Time Minimum*") until the next sequential performance restoration visit of such Engine under the Maintenance Program and based on Manufacturer recommendations (any such visit, an "Engine Performance Restoration Visit"), as measured by [REDACTED] to such next sequential Engine Performance Restoration Visit ("Expected Time on Wing") for engines [REDACTED] of the same make and model.

Engine hard time components at Redelivery will be of the same part number as the original fitted item or be of higher part number, have no less than [REDACTED] flight hours or [REDACTED] cycles remaining until the next scheduled Engine Performance Restoration Visit, and none of the Engine hard time components shall limit the Engine to achieve uninterrupted operation until the next scheduled Engine Performance Restoration Visit.

Time-controlled or Hard time components (ie parts & components with TSN or CSN tracked per EDS) at Redelivery shall be of at least the same P/N and modification standard as the part installed in or attached to the Engine at Delivery and shall not have total age, hours or cycles greater than [REDACTED]% of the Engine unless previously agreed upon in writing between Lessor and Lessee.

F. Records

All Engine Documents shall be delivered to Lessor in English in Lessee's format unless an English language version is not readily available in which case Lessee and Lessor shall find a mutually acceptable solution, and at Lessee's expense on the Redelivery Date, except to the extent any Engine Documents require updating following compliance with these Redelivery Conditions, in which case such Engine Documents will be delivered within [REDACTED] days after the Redelivery Date.

The Engine Documents shall cover the period of the Lease Term, and the Lessee shall provide Lessor with up to date, duly substantiated and appropriately certified continued airworthiness documentation and statements including but not limited to:

- (a) Engine Log Book;
- (b) Non-Incident Statement;
- (c) Components fit list on the Engine;
- (d) Engine Life Limited Part Summary confirming total time and cycles in service since new and cyclical life remaining to the permanent replacement of each Life Limited Part;
- (e) Airworthiness Directive statement confirming all AD modifications applicable to the Engine, the Engine compliance status against each AD, methodology including "dirty finger print" records evidencing the date, hours and cycles of the Engine at the time of compliance and if repetitive in nature or not yet completed, the due date, hours or cycles for next compliance;
- (f) Service Bulletin statement confirming all Service Bulletin modifications applicable to the Engine, those Service Bulletin modifications completed and the methodology, date, hours and cycles at incorporation of the Service Bulletin;
- (g) Engine Shop Visit summary reports and full Engine Shop Visit dirty finger print work cards, material certification, FAA 8130-3 and test cell report data;
- (h) Installed Engine LRU inventory inclusive of FAA 8130-3 airworthiness certification, if the LRU has been replaced, repaired, modified or overhauled; and
- (i) Borescope inspection report duly certified by an Approved Maintenance Performer.

G. Borescope Inspections; Power Assurance Runs

At Lessee's cost, (i) a hot and cold section video borescope inspection of each Engine and its Modules in accordance with the Manufacturer's Aircraft Maintenance Manual ("AMM"), and Lessor will be allowed to witness such inspection and a video recording of such inspection will be made available to Lessor (ii) a power assurance run for each Engine in accordance with the AMM shall be performed at or before the Redelivery Date by Lessee or its representative at Lessee's expense (iii) a magnetic chip detector examination. Lessee will correct any discrepancies in accordance with the guidelines set out by OEM Manufacturer which may be discovered during such inspection and that renders the engine unserviceable per the OEM;

In addition, Lessee will provide Lessor the latest trend data which shall include but not limited to, an Oil Consumption Report, for each Engine, based on the last 6 months of operation, or since the last Engine

Performance Restoration Visit if such event occurred within the 6 months prior to the Redelivery Date. Such trend data shall not show a level of accelerated deterioration in the on-wing performance of the Engine that would indicate that the Engine will fail to meet the Engine Performance Restoration Minimum. If the parties cannot reasonably agree on whether such accelerated deterioration will cause the Engine to fail to meet the Engine Performance Restoration Minimum, Lessor and Lessee will request the Engine Manufacturer to provide an opinion on the expected time remaining on wing based on Lessee's operational information and the trend monitoring data, which opinion shall be binding on Lessee and Lessor.

H. Liens

The Engine shall be free and clear of liens (other than any Lessor's Liens).

I. Transportation

Lessee shall (i) cap and plug all openings of the Engine, (ii) cover the Engine with the cover which was supplied with the Engine on delivery (or if no such cover was provided, completely seal the Engine with heavy gauge vinyl plastic), and (iii) install the Engine securely upon its transportation stand approved by the Manufacturer and otherwise prepare the Engine for shipment in accordance with the Manufacturer's specifications and recommendations. Any vehicles and trailers used for shipment of the Engine shall be air-ride equipped. Any vehicle or trailer used to ship the Engine shall be dedicated solely to the Engine, unless other equipment shipped on such vehicle or trailer can be off-loaded without disturbing or repositioning the Engine.

J. Compensation at End Of Lease

Lessee shall compensate Lessor for any utilization, on a [REDACTED] since new or since the last Engine Performance Restoration accomplished during a qualifying shop visit.

- (a) With respect to the Engine Performance Restoration: Lessee shall compensate Lessor by each Engine module if the [REDACTED] on the Engine module since new or since the most recent Engine Performance Restoration at the time of Redelivery is more than [REDACTED]. The amount of Compensation(EOL), payable to Lessor in respect of such difference shall be in accordance to the below formula.

Compensation(EOL) = EOWRR(EOL) x Time Since New or the last Engine module Performance Restoration

EOWRR_(EOL) shall be the number as in "Maintenance Redelivery Payments" for each module in accordance with Maintenance Allocation in the Appendix 3

This formula is applied for each module as set out in Appendix 3.

- (b) With respect to the Engine LLP Life Use : Lessee shall compensate Lessor at Redelivery of the Engine for LLP life used on the Engine. The amount of such compensation shall be calculated by reference to the OEM CLP and the OEM published ultimate life limits of the applicable LLP current at the time of Redelivery.

[REDACTED]

APPENDIX 3
[REDACTED]

[REDACTED] performed during a shop visit which results in an Engine Performance Restoration, provided Lessee has followed Manufacturer's trouble shooting recommendations prior to Engine removal and that such maintenance work is completed in accordance with the Manufacturer's continued airworthiness management requirements and recommendations, currently described in the WPG, [REDACTED]:

[REDACTED]	
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

The [REDACTED] [REDACTED] may be adjusted subject to mutual agreement between Lessee and Lessor, based on the Lessee's operational experiences and the market data at the Redelivery. If parties are unable to agree on [REDACTED], then an average from [REDACTED] different shop quotations shall be used ([REDACTED] from the Lessor and [REDACTED] from the Lessee).

LLP Replacement - Each LLP shall have [REDACTED] shall be by individual LLP basis and pro-rated based on the replacement LLP installed onto the engine and meeting the minimum engine build life requirement.