

and Borrowers' rights under all licenses and franchise agreements shall inure to Lender's benefit, in each case, solely to the extent needed to allow the Lender to exercise its rights during the continuance of an Event of Default. The proceeds realized from any sale or other disposition of any Collateral may be applied, after allowing two (2) Business Days for collection, first to any Lender Expenses and then to the remainder of the Obligations in such order of application as Lender may elect in its discretion, with Borrowers and each of the Obligors remaining liable for any deficiency.

**10.3 Cumulative Rights; No Waiver.** All covenants, conditions, warranties, guaranties, indemnities and other undertakings of Borrowers in this Agreement or any of the other Loan Documents shall be deemed cumulative, and Lender shall have all other rights and remedies not inconsistent herewith as provided under the UCC or other applicable law. No exercise by Lender of one right or remedy shall be deemed an election, and no waiver by Lender of any Default or Event of Default on one occasion shall be deemed to be a continuing waiver or applicable to any other occasion. No waiver or course of dealing shall be established by the failure or delay of Lender to require strict performance by Borrowers with any term of the Loan Documents, or to exercise any rights or remedies with respect to the Collateral or otherwise.

## **SECTION 11. GENERAL PROVISIONS**

### **11.1 Notices and Communications.**

(a) Except as otherwise provided in **Section 2.1**, all notices, requests and other communications to or upon a party hereto shall be in writing (including facsimile transmission or similar writing) and shall be given to such party at the address or facsimile number for such party in Item 18 of the Terms Schedule or at such other address or facsimile number as such party may hereafter specify for the purpose of notice to Lender and Borrowers in accordance with the provisions of this Section.

(b) Except as otherwise provided in this Section, each such notice, request or other communication shall be effective (i) if given by facsimile transmission, when transmitted to the facsimile number specified herein for the noticed party and confirmation of receipt is received, (ii) if given by mail, three (3) Business Days after such communication is deposited in the U.S. Mail, with first-class postage pre-paid, addressed to the noticed party at the address specified herein, or (iii) if given by personal delivery or reputable overnight courier, when duly delivered with receipt acknowledged in writing by the noticed party. In no event shall a voicemail message be effective as a notice, communication or confirmation under any of the Loan Documents. Notwithstanding the foregoing, no notice to or upon Lender pursuant to **Sections 2.1, 3.2 or 8.1** shall be effective until it is actually received by the individual to whose attention at Lender such notice is required to be sent. Any written notice, request or demand that is not sent in conformity with the provisions hereof shall nevertheless be effective on the date that such notice, request or demand is actually received by the individual to whose attention at the noticed party such notice, request or demand is required to be sent.

(c) Electronic mail and internet websites may be used only to distribute routine communications, such as financial statements, Borrowing Base Certificates and other information required by **Section 8.6**, and to distribute Loan Documents for execution by

the parties thereto, and may not be used for any other purpose as effective notice under this Agreement or any of the other Loan Documents.

**11.2 Performance of Borrowers' Obligations; Sharing of Information; Publicity.**

(a) If Borrowers shall fail to discharge any covenant, duty or obligation hereunder or under any of the other Loan Documents, Lender may, in its discretion at any time or from time to time, for Borrowers' account and at Borrowers' expense, pay any amount or do any act required of Borrowers hereunder or under any of the other Loan Documents or otherwise lawfully requested by Lender to (i) enforce any of the Loan Documents or collect any of the Obligations, (ii) preserve, protect, insure or maintain or realize upon any of the Collateral, or (iii) preserve, defend, protect or maintain the validity or priority of Lender's Liens in any of the Collateral, including the payment of any judgment against Borrowers, any insurance premium, any Bank Product Obligations, any warehouse charge, any finishing or processing charge, any landlord claim, any other Lien upon or with respect to any of the Collateral (whether or not a Permitted Lien). All payments that Lender may make under this Section and all out-of-pocket costs and expenses (including Lender's Expenses) that Lender pays or incurs in connection with any action taken by it hereunder shall be reimbursed to Lender by Borrowers on demand with interest from the date such payment is made or such costs or expenses are incurred to the date of payment thereof at the Default Rate. Any payment made or other action taken by Lender under this Section shall be without prejudice to any right to assert, and without waiver of, an Event of Default hereunder and without prejudice to Lender's right to proceed thereafter as provided herein or in any of the other Loan Documents.

(b) Borrowers hereby authorize Lender to use the name "AirNet Cargo Charter Services," together with variants of such names and related logotypes and the amount of the transaction in advertising that promotes Lender and the business transaction between Borrowers and Lender. Lender will submit to Borrowers any type of written or pictorial advertisement for Borrowers' approval before Lender releases to the general public. Neither Lender nor any of its Subsidiaries, Affiliates, officers, employees and advertising agents shall have any liability to any Borrower arising out of or related to the reasonable exercise of the rights hereby granted to Lender.

**11.3 Effectiveness, Successors and Assigns.** This Agreement shall be binding and deemed effective when executed by Borrowers and accepted by Lender in the State of Georgia, and when so accepted, shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties hereto; provided that Borrowers may not assign this Agreement or any rights hereunder without Lender's prior written consent and any prohibited assignment shall be absolutely void. No consent to an assignment by Lender shall release Borrowers from their Obligations to Lender. Lender may assign this Agreement and its rights and duties hereunder; provided, that (unless an Event of Default exists and is continuing or unless such assignment occurs as part of a sale or assignment of all or substantially all of Lender's portfolio of loans to another financial institution), Lender has obtained the written consent of Borrowers, which consent shall not be unreasonably withheld. Lender, acting as a non-fiduciary agent of Borrower (solely for tax purposes), shall maintain at one of its offices in the United States of America a register (the "Register") for the recordation of the names and

addresses of Lender and principal amount of the Obligations owing to Lender pursuant to the terms hereof. The entries in the Register shall be conclusive, absent manifest error, and Borrower and Lender may treat each Person whose name is recorded therein pursuant to the terms hereof as Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The requirement for a Register set forth in this **Section 11.3** shall be construed so that the Obligations are at all times maintained in "registered form" within the meaning of Sections 163(f), 871(h), 881(c)(2) and 4701 of the Internal Revenue Code, including Treasury Regulation 1.871-14(c) promulgated thereunder, and shall be interpreted consistently therewith. Any failure of Lender to make entries in the Register, or any error in doing so, shall not limit or otherwise affect the obligations of Borrower to pay any amount owing hereunder to the Lender or its registered assigns.

**11.4 General Indemnity.** Borrowers hereby agree to indemnify and defend the Indemnitees against and to hold the Indemnitees harmless from and against any Indemnified Claim that may be instituted or asserted against or incurred by any of the Indemnitees and that either (i) arises out of or relates to this Agreement or any of the other Loan Documents (including any transactions entered into pursuant to any of the Loan Documents, Lender's Liens upon the Collateral, or the performance by Lender of Lender's duties or the exercise of any of Lender's rights or remedies under this Agreement or any of the other Loan Documents), or (ii) results from Borrowers' failure to observe, perform or discharge any of Borrowers' covenants or duties hereunder. Without limiting the generality of the foregoing, this indemnity shall extend to any Indemnified Claims instituted or asserted against or incurred by any of the Indemnitees by any Person under (a) any Environmental Laws or similar laws by reason of Borrowers' or any other Person's failure to comply with laws applicable to Hazardous Materials, or (b) any applicable law relating to Taxes. The foregoing indemnities shall not apply to Indemnified Claims incurred by any Indemnitee as a direct and proximate result of its own gross negligence or willful misconduct.

**11.5 Section Headings; Interpretation.** Section headings and section numbers have been set forth herein for convenience only. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Lender or Borrowers, whether under any rule of construction or otherwise. This Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

**11.6 Indulgences Not Waivers.** Lender's failure at any time or times to require strict performance by Borrowers of any provision of this Agreement or any of the other Loan Documents shall not waive, affect or otherwise diminish any right of Lender thereafter to demand strict compliance and to performance with such provision.

**11.7 Severability; Survival.** Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision. Notwithstanding anything to the contrary contained in any of the Loan Documents, the indemnification and other obligations of Obligors and rights and remedies of Lender (including rights under Sections 2.2(c) and 11.4) shall survive termination of the Commitments and the Full Payment of the Obligations.

**11.8 Modification; Entire Agreement.** This Agreement cannot be changed or terminated orally. This Agreement and the other Loan Documents represent the entire understanding of the parties with respect to the subject matter hereof and thereof and supersede all prior agreements, understandings, negotiations and inducements regarding the same subject matter.

**11.9 Counterparts; Facsimile Signatures.** This Agreement and any amendments hereto may be executed in any number of counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed to be an original and all of which counterparts taken together shall constitute but one and the same Instrument. Counterparts of each of the Loan Documents may be delivered by facsimile or electronic mail and the effectiveness of each such Loan Document and signatures thereon shall, subject to applicable law, have the same force and effect as manually signed originals and shall be binding on all parties thereto.

**11.10 Governing Law.** This Agreement shall be deemed to have been made in the State of Georgia, and shall be governed by and construed in accordance with the internal laws (without regard to conflict of law provisions) of the State of Georgia.

**11.11 Consent to Forum.** Each Borrower hereby consents to the non-exclusive jurisdiction of any United States federal court sitting in or with direct or indirect jurisdiction over the Northern District of Georgia or the Northern District of Alabama or any state or superior court sitting in Cobb County, Georgia or Jefferson County, Alabama, in any action, suit or other proceeding arising out of or relating to this Agreement or any of the other Loan Documents and each Borrower irrevocably agrees that all claims and demands in respect of any such action, suit or proceeding may be heard and determined in any such court and irrevocably waives any objection it may now or hereafter have as to the venue of any such action, suit or proceeding brought in any such court or that such court is an inconvenient forum. Nothing herein shall limit the right of Lender to bring proceedings against any Borrower in the courts of any other jurisdiction. Any judicial proceeding commenced by any Borrower against Lender or any holder of any of the Obligations, or any Affiliate of Lender or any holder of any Obligations, involving, directly or indirectly, any matter in any way arising out of, related to or connected with any Loan Document shall be brought only in a United States federal court sitting in or with direct jurisdiction over the Northern District of Georgia or the Northern District of Alabama or any state or superior court sitting in Cobb County, Georgia or Jefferson County, Alabama. Nothing in this Agreement shall be deemed or operate to affect the right of Lender to serve legal process in any other manner permitted by law or to preclude the enforcement by Lender of any judgment or order obtained in such forum or the taking of any action under this Agreement to enforce same in any other appropriate forum or jurisdiction.

**11.12 Waiver of Certain Rights.** To the fullest extent permitted by applicable law, each Borrower hereby knowingly, intentionally and intelligently waives (with the benefit of advice of legal counsel of its own choosing): (i) the right to trial by jury (which Lender hereby also waives) in any action, suit, proceeding or counterclaim of any kind arising out of, related to or based in any way upon any of the Loan Documents, the Obligations or the Collateral; (ii) presentment, protest, default, non-payment, maturity, release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, contract rights, documents, instruments, chattel paper and guaranties at any time held by Lender on which such Borrowers may in any way be liable and hereby ratifies and confirms whatever Lender may

do in this regard; (iii) except as specifically otherwise provided in the Loan Documents, notice prior to taking possession or control of any of the Collateral and the requirement to deposit or post any bond or other security which might otherwise be required by any court or applicable law prior to allowing Lender to exercise any of Lender's self-help or judicial remedies to obtain possession of any of the Collateral; (iv) the benefit of all valuation, appraisal and exemption law; (v) any claim against Lender on any theory of liability, for special, indirect, consequential, exemplary or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a result of any of the Loan Documents, any transaction thereunder, the enforcement of any remedies by Lender or the use of any proceeds of any Loans; (vi) notice of acceptance of this Agreement by Lender; and (vii) the right to assert any confidential relationship that it may have under applicable law with any accounting firm and/or service bureau in connection with any information requested by Lender pursuant to or in accordance with this Agreement (and Borrowers agree that Lender may contact directly any such accounting firm and/or service bureau in order to obtain any such information).

**11.13 USA PATRIOT Act Notice.** To help fight the funding of terrorism and money laundering activities, Federal law requires all financial institutions to obtain, verify, and record information that identifies each Person who opens an account. For purposes of this section, account shall be understood to include loan accounts.

**11.14 Credit Inquiries.** Borrowers hereby authorize and permit Lender, at its discretion and without any obligation to do so, to respond to credit inquiries from third parties concerning Borrowers or any of their Subsidiaries.

**11.15 Additional Provisions.** Time is of the essence of this Agreement and the other Loan Documents. No provision of this Agreement or any of the other Loan Documents shall be construed against or interpreted to the disadvantage of any party hereto by any governmental authority by reason of such party having or being deemed to have structured, drafted or dictated such provision.

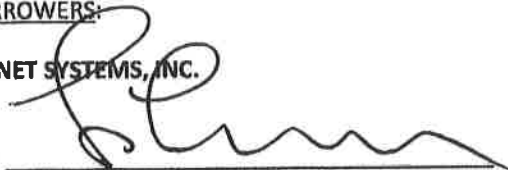
**11.16 Confidentiality.** Lender agrees to use commercially reasonable efforts (equivalent to the efforts the Lender applies to maintain the confidentiality of its own confidential information) to maintain as confidential all information provided to it by any Obligor and identified as confidential to Lender by such Obligor in writing, except that Lender may in any event disclose such information: (a) to Persons employed or engaged by Lender in evaluating, approving, structuring or administering the Loans (it being understood that the Persons to whom such disclosure is made will be informed of the confidential nature of such information and instructed to keep such information confidential); (b) as required or requested by any federal or state regulatory authority or examiner, or any insurance industry association, or as compelled by any court decree, subpoena or legal or administrative order or process (provided, that in each case, to the extent permitted by applicable law, Lender will use its commercially reasonable efforts to give Borrowers notice thereof); (c) as, on the advice of Lender's counsel, is required by law; (d) to any nationally recognized rating agency that requires access to information about Lender's investment portfolio in connection with ratings issued with respect to Lender; or (g) that ceases to be confidential through no fault of Lender.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal, to be effective on the date first set forth above.

**BORROWERS:**

**AIRNET SYSTEMS, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]  
**AIRNET MANAGEMENT, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]  
**FLIGHT EXPRESS, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]  
**FLIGHT ICE, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

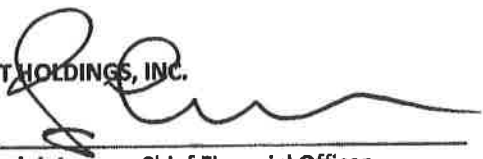
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FLIGHT EXPRESS SERVICE CORP.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

AIRNET HOLDINGS, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

*[Continued on following page.]*



Accepted in Atlanta, Georgia:

LENDER:

**ALOSTAR BANK OF COMMERCE**

By:   
Susan Hall, Managing Director

**DISCLOSURE SCHEDULE**

THIS DISCLOSURE SCHEDULE (this "Disclosure Schedule"), dated December 17, 2012, is made a part of and incorporated into that certain Loan and Security Agreement dated on or about the date hereof among **ALOSTAR BANK OF COMMERCE**, a state banking institution organized under the laws of the State of Alabama (together with successors and assigns, "Lender"), **AIRNET SYSTEMS, INC.**, an Ohio corporation ("AirNet Systems"), **AIRNET MANAGEMENT, INC.**, an Ohio corporation ("AirNet Management"), **FLIGHT EXPRESS, INC.**, a Florida corporation ("Flight Express"), **FLIGHT ICE, INC.**, a Florida corporation ("Flight Ice"), **FLIGHT EXPRESS SERVICE CORP.**, a Florida corporation ("Flight Express Service"), and **AIRNET HOLDINGS, INC.**, a Delaware corporation ("Holdings"; together with AirNet Systems, AirNet Management, Flight Express, Flight Ice, Flight Express Service and Holdings, collectively, "Borrowers" and each individually, a "Borrower") (together with all schedules, Riders and exhibits annexed thereto and all amendments, restatements, supplements or other modifications with respect thereto, the "Loan Agreement"). Capitalized terms used herein, unless otherwise defined, shall have the meanings ascribed to them in the Loan Agreement.

1. **Fiscal Year of Borrowers:** The Fiscal Year of Borrowers and their Subsidiaries for accounting and tax purposes is as follows:

December 31 of each fiscal year

2. **Permitted Liens:** Except as described below, there are no security interests in or other Liens upon any assets of any Borrower or any Subsidiary that are not Permitted Liens (if none, so state):

None.

3. **Commercial Tort Claims (§4.1):** Except as set forth below, no Borrower nor any of their Subsidiaries has any right, title, or interest in any Commercial Tort Claim (if none, so state):

None.

4. **Borrowers and Subsidiary Locations (§5.1(a)):** All Collateral, other than Inventory in transit, is kept by Borrowers at one or more of the business locations of Borrowers or airports set forth in item 9 below.

5. **Description of Property Insurance of Borrowers (§5.1(b)):** Borrowers have the following policies of insurance covering the Collateral.

<u>Insurance Company</u>	<u>Policy Number</u>	<u>Expiry Date</u>	<u>Property Covered</u>
Chartis Specialty Insurance Company		July 16, 2014	Environmental Pollution Liability of all Borrowers
United States Aircraft Insurance Group		August 1, 2013	AirNet Systems, Inc., AirNet Management, Inc., AirNet Holdings, Inc., Flight Express, Inc., Flight Express Service Corp. Aviation General

			Liability Policy
Catlin Insurance Company		January 27, 2013	Flight Ice, Inc. Aviation Liability Insurance
Zurich American Insurance Company		February 17, 2013	General Liability (non-Aviation) of all Borrowers
American Guarantee & Liability Insurance Company		February 17, 2013	Umbrella Liability of all Borrowers
Hartford Fire Insurance Company		August 1, 2013	Commercial Property Insurance for all Borrowers

6. **Borrowers and Subsidiary Information (\$7.1):**

- (i) **Legal Names:** The exact name of each Borrower and each Subsidiary, as it appears in its certificate of incorporation or formation, the type of entity, the state of its incorporation or organization and the states where each Borrower and their Subsidiaries are qualified or licensed to transact businesses are described below:

Legal Name	Type of Entity	State of Incorporation	Qualified to do Business
AirNet Holdings, Inc.	corporation	Delaware	Delaware
AirNet Systems, Inc.	corporation	Ohio	Ohio, Alabama, California, Colorado, Connecticut, Delaware, Florida, Georgia, Indiana, Iowa, Maine, Massachusetts, Minnesota, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New York, North Carolina, Oregon, Rhode Island, Tennessee, Texas, West Virginia, Arizona, Idaho, Illinois, Kansas, Kentucky, Maryland, Michigan, Oklahoma, Pennsylvania, South Carolina
AirNet Management, Inc.	corporation	Ohio	Ohio, North Carolina, South Carolina
Flight Express, Inc.	corporation	Florida	Florida, Missouri, New Jersey
Flight Express Service Corp.	corporation	Florida	Florida
Flight Ice, Inc.	corporation	Florida	Florida

- (ii) **Other Names:** Set forth below is each other name that any Borrower or any Subsidiary has had since its organization (including trade names) used by such Borrower or any of its divisions or other business units at any time during the past five years (if none, so state):

AirNet Systems, Inc. has the trade name "AirNet Cargo Charter Services" registered in the state of Ohio

AirNet Systems, Inc. has the trade name "AirNet Executive Class Charters" registered in the state of Ohio

AirNet Systems, Inc. has the unregistered trade name "Ohio AirNet Systems, Inc." in certain of the states it is qualified to do business, other than its jurisdiction of organization

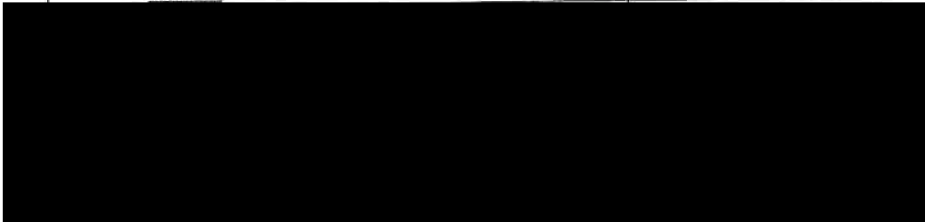
AirNet Systems, Inc. has a fictitious name "AirNet Express" in the state of Ohio

AirNet Management, Inc. has a trade name "AirNet" registered in the state of Ohio

- (iii) **Company Changes:** Except as described below, (A) no Borrower nor any Subsidiary has changed its legal status or the jurisdiction in which it is organized within the 5-year period immediately preceding the date of the Loan Agreement; and (B) during the 5-year period prior to the date of the Loan Agreement, no Borrower has been a party to any merger, consolidation or acquisition of all or substantially all of the assets or equity interests of any other Person (if none, so state):

On June 10, 2008, AirNet Acquisition, Inc., an Ohio corporation with organization ID of 1768453 merged into AirNet Systems, Inc.

- (iv) **FEIN:** The Federal Tax Identification Numbers of each Borrower and each Subsidiary are set forth below:

Name:	FEIN #
	

7. **Litigation (§7.3):** Described below are any actions or proceedings pending, or to the knowledge of any Borrower threatened, against any Obligor, and any pending, threatened or imminent, governmental investigations or claims, complaints, actions or prosecutions involving any Borrower or any Obligor (if none, so state):

Age discrimination suit brought on by Dan W. Vossman against the Borrowers in the Court of Common Pleas, Franklin County, Columbus, Ohio, with case number 11CVH 06 7360, for which a motion for dismissal is pending.

8. **Intellectual Property (§7.8):** Set forth below is a list of all necessary trademarks, trade names, copyrights, patents, patent rights and licenses owned by each Borrower which are necessary to conduct their business as now operated:

(i) **Patents:**

None.

(ii) **Trademarks:**

(a) Registered Trademarks

<u>Trademark Description</u>	<u>Owner</u>	<u>Registration Number / Date</u>
MISSION CRITICAL	AirNet Management, Inc.	2,800,019 / December 27, 2002

(b) Trademark Applications

<u>Trademark Description</u>	<u>Owner</u>	<u>Serial Number / Date</u>
MISSION CRITICAL	AirNet Systems, Inc.	85/576,550 / March 22, 2012

(iii) **Copyrights:**

<u>Copyright Description</u>	<u>Owner</u>	<u>Registration Number / Date</u>
AirNet Systems, Inc. Public WebSite	AirNet Management, Inc.	TX 5-949-504 / 2002-09-27
AirNet Systems, Inc. Public WebSite (Revision 1)	AirNet Management, Inc.	TX 5-949-507 / 2002-09-27
AirNet Systems, Inc. Public WebSite (Revision 2)	AirNet Management, Inc.	TX 5-949-506 / 2002-09-27
AirNet Systems, Inc. Public WebSite (Revision 3)	AirNet Management, Inc.	TX 5-949-505 / 2002-11-08

9. **Chief Executive Office and other Collateral Locations (§7.10):**

(i) The chief executive office and the principal place of business of each Borrower is at the following address:

<u>Street Address</u>	<u>City / County</u>	<u>State</u>	<u>Zip Code</u>
7250 Star Check Drive	Columbus / Franklin	Ohio	43217

(ii) The following are all of the current places of business office and locations of the tangible business records of each Borrower and each of its Subsidiaries that are not identified above (all tangible business records of each Borrower and each of its Subsidiaries maintained at the locations below, are also maintained at the chief executive office identified above):

<u>Street Address</u>	<u>City / County</u>	<u>State</u>	<u>Zip Code</u>
4505 Claire Chennault	Addison / Dallas	Texas	75001

7425 S. Peoria Circle, Hangar 9	Englewood / Arapahoe	Colorado	80112
Firehouse Rd. Hangar 85-205	Windsor Locks / Hartford	Connecticut	06096
4243 East lake Blvd.	Birmingham / Jefferson	Alabama	35217
1501 North Marginal Road	Cleveland / Cuyahoga	Ohio	44114
50 North Airport Drive	Buffalo / Erie	New York	14225
10700 Sherman Way	Burbank / Los Angeles	California	91505
2 Aaronson Drive	Baltimore / Arundel	Maryland	21240
5400 Airport Dr.	Charlotte / Mecklenburg	North Carolina	28208
2725 International Drive, Bay #2	West Chicago / DuPage	Illinois	60185
4021 Air Street	Fort Wayne / Allen	Indiana	46809
83 Nilson Way	Orlando / Orange	Florida	32803
9000 Randolph Street	Houston / Harris	Texas	77061
7250 Star Check Drive	Columbus / Franklin	Ohio	43217
492 Sutton Street	North Andover / Essex	Massachusetts	01845
1951 Airport Rd	Atlanta / DeKalb	Georgia	30341
8375 Enterprise Ave	Philadelphia / Philadelphia	Pennsylvania	19153
2802 Old Tower Road	Phoenix / Maricopa	Phoenix	85034
1011 South Wolf Road	Wheeling / Cook	Wheeling	60090
527 Eaton St., St. Paul	St. Paul / Ramsey	Minnesota	55107
545 Beechcraft, Hangar 10	Chesterfield / Saint Louis	Missouri	63005
111 Charles Lindbergh Drive	Tererboro /Bergen	New Jersey	07608

- (iii) The following are all of the locations not identified above where any Borrower and its Subsidiaries maintain any books or records relating to any accounts receivable (if none, so state):

None.

- (iv) The following are all of the locations identified above where any Borrower and its Subsidiaries maintain any property (including inventory, equipment, fixtures, documents of title, instruments, warehouse receipts or chattel paper) (if none, so state):

<u>Street Address</u>	<u>City / County</u>	<u>State</u>	<u>Zip Code</u>
7425 S. Peoria Circle, Hangar 9	Englewood / Arapahoe	Colorado	80112
Firehouse Rd. Hangar 85-205	Locks / Hartford	Connecticut	06096
545 Beechcraft, Hangar 10	Chesterfield / Saint Louis	Missouri	63005
111 Charles Lindbergh Drive	Tererboro / Bergen	New Jersey	07608
4243 East Lake Boulevard	Birmingham / Jefferson	Alabama	35217
5400 Airport Drive	Charlotte / Mecklenburg	North Carolina	28208
83 Nilson Way	Orlando / Orange	Florida	32803

- (v) The following are the locations identified above where any Borrower or a Subsidiary is a tenant, together with the name and address of the landlord (if none, so state):

<u>Address of Property</u>	<u>Name and address of Landlord</u>
4505 Claire Chennault, Addison, TX 75001	Addison Airport/Atlantic Aviation - ADS/P.O. BOX 952177, Dallas, TX 75395
7425 S. Peoria Circle, Hangar 9, Englewood, CO 80112	Centennial Airport/Tac Air Corp/P.O. BOX 1481, Texarkana, TX 75504
Firehouse Rd. Hangar 85-205, Windsor Locks, CT 06096	Bradley International Airport/Tac Air Corp/P.O. BOX 1481, Texarkana, TX 75504
4243 East lake Blvd., Birmingham, AL 35217	Birmingham International/Atlantic Aviation - BHW/P.O. BOX 952200, Dallas, TX 75395
1501 North Marginal Road, Cleveland, OH 44114	Burke-Lake Front Airport/Treasurer, City of Cleveland/Lockbox #70275 Keybank Services, 5575 Venture Dr. Suite A, Parma, OH 44130
50 North Airport Drive, Buffalo, NY 14225	Greater Buffalo Intl. Airport/Prior Aviation Service, Inc./50 North Airport Drive, Buffalo, NY 14225

10700 Sherman Way, Burbank, CA 91505	Burbank Airport/Atlantic Aviation BUR/P.O. BOX 79648, City of Industry, CA 91716
2 Aaronson Drive, Baltimore, MD 21240	Baltimore/Washington International Thurgood Marshall Airport/Signature Flight Support - BWI/P.O. BOX 2278, Carol Stream, IL 60132- 2278
5400 Airport Dr., Charlotte, NC 28208	Charlotte-Douglas International Airport /Wilson Air Center-Charlotte/5400 Airport Drive, Charlotte, NC 28208
5400 Airport Dr. Charlotte, NC 28208	Charlotte-Douglas International Airport /Williams Scotsman, Inc./P.O. BOX 91975, Chicago, IL 60693
2725 International Drive, Bay #2, West Chicago, IL 60185	DuPage Airport/DuPage Airport Authority/2700 International Drive, Suite 200, West Chicago, IL 60185-1658
4021 Air Street, Fort Wayne, IN 46809	Fort Wayne International Airport/Atlantic Aviation - FWA/P.O. BOX 952200, Dallas, TX 75395
83 Nilson Way, Orlando, FL 32803	Fort Lauderdale Executive Airport/Banyan Air Service, Inc./5360 NW 20th Terrance, Fort Lauderdale, FL 33309
9000 Randolph Street, Houston, TX 77061	William P. Hobby Airport/Wilson Air Center- Houston/9000 Randolph, Houston, TX 77061
7250 Star Check Drive, Columbus, OH 43217	Rickenbacker Airport/Columbus Regional Airport Authority/Accounts Receivable, L-3459, Columbus, OH 43260
492 Sutton Street, North Andover, MA 01845	Lawrence Municipal Airport/Eagle East Aviation/EFT
1951 Airport Rd, Atlanta, GA 30341	Peachtree Airport/Atlantic Aviation - PDK/EFT
8375 Enterprise Ave, Philadelphia, PA 19153	Philadelphia International Airport/Atlantic Aviation - PHL/BOX 4266, P.O. BOX 8500, Philadelphia, PA 19178
2802 Old Tower Road, Phoenix, AZ 85034	Phoenix Sky Harbor International Airport/Cutter Aviation/2802 Old Tower Road, Phoenix, AZ 85034
1011 South Wolf Road, Wheeling, IL	Chicago Executive Airport/Atlantic Aviation -



60090	PWK/EFT
527 Eaton St., St. Paul, MN 55107	St. Paul Downtown Holman Field/Signature Flight Support - STP/P.O. BOX 2278, Carol Stream, IL 60132-2278
545 Beechcraft, Hangar 10, Chesterfield, MO 63005	Spirit of St Louis Airport/Tac Air Corp/P.O. BOX 1481, Texarkana, TX 75504
111 Charles Lindbergh Drive, Teterboro, NJ 07608	Teterboro Airport/Jet Aviation Teterboro LP/P.O. BOX 510779, Philadelphia, PA 19175-0779

(vi) The following are the names and addresses of each Person (other than a Borrower or a Subsidiary) that has possession of any property of any Borrower or a Subsidiary:

None.

(vii) The following are all of the locations not identified above where any Borrower or any Subsidiary has conducted business or maintained property at any time during the past five (5) years (if none, so state):

None.

10. **Deposit Accounts (§7.12):** Set forth below is a description of each Deposit Account of each Borrower and its Subsidiaries, together with relevant information regarding each Deposit Account:

<u>Account Holder</u>	<u>Bank Name</u>	<u>Account Number</u>	<u>Account Type</u>
AirNet Systems, Inc.	PNC	[REDACTED]	Checking
AirNet Systems, Inc.	PNC		Depository
AirNet Systems, Inc.	PNC		Checking
AirNet Systems, Inc.	First Interstate Bank-Montana		Money Market
AirNet Systems, Inc.	First Interstate Bank-Montana		Checking
Flight Express, Inc.	PNC		Checking
Flight Express, Inc.	PNC		Checking
Flight Express, Inc.	PNC		Depository
Flight Express Service Corp	PNC		Checking
Flight Ice, Inc.	PNC		Checking

11. **Benefit Plans (§7.14):** Set forth below is a description of all Plans sponsored or maintained by each Borrower or any Subsidiary (if none, so state):

None.

12. **Collective Bargaining Agreements (§7.15):** Except as described below, no Borrower nor any of their Subsidiaries is a party to any collective bargaining agreement, management agreement, consulting agreement, or other agreement with any organization or representative of any of its employees (if none, so state):

None.

13. **Capital Structure of each Borrower and each Subsidiary (§7.19):**

- (i) Set forth below is a list of each Person that owns any of the Equity Interests in each Borrower and such Person's percentage of ownership:

<u>Issuer / Jurisdiction of Organization</u>	<u>Owner</u>	<u>Type of Security</u>	<u>% Ownership</u>	<u>Number of authorized / issued Equity Interests</u>
AirNet Holdings, Inc.	AirNet Acquisition, LLC	Common Stock	92.56%	900 shares / 108.0398 shares
AirNet Holdings, Inc.	Fred deLeeuw	Common Stock	0.93%	900 shares / 108.0398 shares
AirNet Holdings, Inc.	Frank DiMaria	Common Stock	0.93%	900 shares / 108.0398 shares
AirNet Holdings, Inc.	John Dupuy	Common Stock	5.59%	900 shares / 108.0398 shares
AirNet Systems, Inc.	AirNet Holdings, Inc.	Common Stock	100%	900 shares/ 100 shares
AirNet Management, Inc.	AirNet Systems, Inc.	Common Stock	100%	850 shares/ 100 shares
Flight Express, Inc.	AirNet Holdings, Inc.	Common Stock	100%	1,000,000 shares/ 322,000 shares
Flight Express Service Corp.	AirNet Holdings, Inc.	Common Stock	100%	1,000,000 shares/ 322,000 shares
Flight Ice, Inc.	Flight Express, Inc.	Common Stock	100%	1,000,000 shares/ 500,000 shares

- (ii) Set forth below is a list of each Person that owns any of the Equity Interests in any Subsidiary and such Person's percentage of ownership:

N/A

- (iii) Set forth below is a list of investments by each Borrower in any other Person and each Borrower's percentage of ownership:

N/A

- (iv) Set forth below is a description of and obligation of any Borrower to make any Distribution since the date of the last audited financial statements (if none, so state):

Payment of dividends on Equity Interests of AirNet Holdings, Inc., comprising of the deposits of approximately \$1.2 million held at Bank of New York Mellon in the deposit account with account number of 768634

14. **Investments (§9.8)**: Except as set forth below, no Borrower has any investments existing on the Closing Date:

None.

15. **Affiliate Transactions (§9.10)**: Except as described below, no Borrower is a party to any agreement or transaction with, or obligated to make any payment to, an Affiliate, other than transactions contemplated by the Loan Documents, agreements to pay officers and employees and directors' fees and indemnities, and transactions with Affiliates in the Ordinary Course of Business, upon fair and reasonable terms fully disclosed to Lender and no less favorable than would be obtained in comparable arm's length transaction with a non-Affiliate, in each case, in accordance with Section 9.11 of the Loan Agreement (if none, so state):

None.

*[Remainder of page intentionally left blank; signatures appear on following page.]*

The undersigned have executed this Disclosure Schedule under seal on and as of the date of the Loan Agreement.

**BORROWERS:**

**AIRNET SYSTEMS, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

**AIRNET MANAGEMENT, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

**FLIGHT EXPRESS, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

**FLIGHT ICE, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

*[Signatures continued on following page.]*

**FLIGHT EXPRESS SERVICE CORP.**

By: 

**Fred deLeeuw, Chief Financial Officer**

**[SEAL]**

**AIRNET HOLDINGS, INC.**

By: 

**Fred deLeeuw, Chief Financial Officer**

## TERMS SCHEDULE

This **TERMS SCHEDULE** (this "Terms Schedule") is made a part of and incorporated into that certain Loan and Security Agreement among **ALOSTAR BANK OF COMMERCE**, a state banking institution organized under the laws of the State of Alabama (together with successors and assigns, "Lender"), **AIRNET SYSTEMS, INC.**, an Ohio corporation ("AirNet Systems"), **AIRNET MANAGEMENT, INC.**, an Ohio corporation ("AirNet Management"), **FLIGHT EXPRESS, INC.**, a Florida corporation ("Flight Express"), **FLIGHT ICE, INC.**, a Florida corporation ("Flight Ice"), **FLIGHT EXPRESS SERVICE CORP.**, a Florida corporation ("Flight Express Service"), and **AIRNET HOLDINGS, INC.**, a Delaware corporation ("Holdings"; together with AirNet Systems, AirNet Management, Flight Express, Flight Ice, Flight Express Service and Holdings, collectively, "Borrowers" and each individually, a "Borrower") dated December 17, 2012 (together with all schedules, Riders and exhibits annexed thereto and all amendments, restatements, supplements or other modifications with respect thereto, the "Loan Agreement").

1. **Accounts Percentage:** 85%

2. **Authorized Officers:**

In addition to the Senior Officers, each of the following persons (if none, so state):

None.

3. **Additional Specified Availability Reserves (if none, so state):**

A reserve in an amount from time to time determined by Lender in its reasonable credit judgment as a reserve for (a) rent, fees, royalties, charges, and other amounts owing by any Borrower to any third party, unless such Person has executed and delivered a Lien Waiver/Access Agreement in favor of and in form acceptable to Lender, and (b) the amount of all accrued but unpaid or past due rent, fees, royalties, charges, or other amounts owing by any Borrower to third parties.

4. **Early Termination Fee; Applicable Termination Percentage:**

Upon the effective date of termination of the Commitments (whether such termination is effected by Borrowers or Lender or automatically as the result of the commencement of an Insolvency Proceeding by or against Borrowers), Borrowers shall be obligated to pay, in addition to all of the other Obligations then outstanding, an amount equal to the product obtained by multiplying the Maximum Revolver Facility Amount by the applicable percentage set forth below (the "Applicable Termination/Prepayment Percentage"):

- (a) 1.50% if the effective date of termination occurs during the first 365-day period after the Closing Date;
- (b) 0.75% if the effective date of termination occurs during the second 365-day period after the Closing Date; or
- (c) 0.50% if the effective date of termination occurs after the second 365-day period following the Closing Date but prior to the last day of the Term.

5. **Guarantors:**

None.

6. **Inventory Formula Amount:**

The lesser of (a) 75% of the Value of Eligible Inventory, and (b) 100% of the NFLV of Eligible Inventory.

7. **Maximum Revolver Facility Amount:** \$15,000,000.00

8. **Interest Rates (§2.3):**

- (a) The Applicable Variable Rate shall be the Daily LIBOR Rate in effect from time to time, or in Lender's discretion at any time that Lender determines that (i) it is not reasonably possible to determine the Daily LIBOR Rate, (ii) the Daily LIBOR Rate is no longer available, (iii) it is no longer lawful for Lender to make Loans at any rate based on the Daily LIBOR Rate, or (iv) a Default or Event of Default exists, the Base Rate in effect from time to time.

As used in the Loan Agreement and in this Terms Schedule, the following terms shall have the following means ascribed to them.

"Base Rate" means, on any day, the U.S. prime rate as shown in The Wall Street Journal on such day, or, if such day is not a Business Day, on the immediately preceding Business Day. If The Wall Street Journal for any reason ceases to publish a U.S. prime rate, then the Prime Rate shall be as published from time to time in any other publication or reference source designated by Lender in its discretion. The prime rate is a reference rate and does not necessarily represent the best or lowest rate charged by Lender.

"Daily LIBOR Rate" means, on any day, the greater of (a) 1.0% and (b) the LIBOR Rate as shown in the Wall Street Journal on such day for United States dollar deposits for the one month delivery of funds in amounts approximately equal to the principal amount of the Loan for which such rate is being determined or, if such day is not a Business Day on the immediately preceding Business Day. If The Wall Street Journal for any reason ceases to publish a LIBOR Rate, then the Daily LIBOR Rate shall be as published from time to time and any other publication or reference source designated by Lender in its discretion. The Daily LIBOR Rate is a reference rate and does not necessarily represent the best or lowest rate charged by Lender.

- (b) Interest margin for Revolver Loans based on the Daily LIBOR Rate: 4.50%.

Interest margin for Revolver Loans based on the Base Rate: 2.0%

- (c) Default Margin: 2.00%.

- (d) Applicable Variable Rate Disclosure: 1.00%.

(e) Interest Rate Disclosure (Governing Rate): 5.50%.

9. **Fees and Expenses (§2.4):**

- (a) **Fees:** Borrowers shall pay to Lender the following fees: (i) a closing and origination fee in the amount of \$150,000 to be paid concurrently with the funding of the initial Revolver Loan; (ii) an unused line fee in the amount of 0.50% per annum of the amount by which the average loan balance for any month (or portion thereof that the Agreement is in effect) is less than the Maximum Revolver Facility Amount, such fee to be paid on the first day of the following month, but if the Commitments are terminated on a day other than the first day of the month, then any such fee payable for the month in which termination shall occur shall be paid on the effective date of such termination; (iii) a non-refundable monthly maintenance fee in the amount of \$2,500 per month, on the first day of each month, in arrears, beginning January 1, 2013; (iv) the Early Termination Fee, to the extent required to be paid pursuant to Item 4 of this Terms Schedule; and (v) a standard wire fee for each outgoing wire made by Lender at the request of Borrowers (which fee is \$25 per outgoing wire as of the Closing Date).
- (b) **Expenses:** Borrowers shall reimburse Lender for all reasonable, out-of-pocket costs and expenses incurred by Lender (including standard fees charged by Lender's internal field examiners) in connection with (i) examinations and reviews of Borrowers' Records and such other matters pertaining to Borrowers or any Collateral as Lender shall deem appropriate and shall pay to Lender the then standard amount charged by Lender per person per day (\$900 per person per day as of the Closing Date) for each day that an employee or agent of Lender shall be engaged in an examination or review of any of Borrowers' Records, plus reasonable expenses; provided, however, that Borrowers shall not be required to reimburse Lender for the costs and expenses of more than three (3) field examinations in any 12-month period unless an Event of Default exists; (ii) appraisals of any Inventory or Equipment (including Aircraft Fleet) forming a part of the Collateral; provided, however, that Borrowers shall not be required to reimburse Lender for the costs and expenses of more than two (2) Qualified Appraisals with respect to Inventory and two (2) Qualified Appraisals with respect to Equipment (including Aircraft Fleet) in any 12-month period unless an Event of Default exists; (iii) legal fees and expenses incurred by Lender in connection with the preparation and negotiation of the Loan Documents (including, without limitation, search, filing and recording fees); (iv) the establishment of electronic collateral reporting systems performed by employees or agents of Lender; and (v) the actual charges paid or incurred by Lender if it elects to employ the services of one or more third parties to perform financial audits of Borrowers, establish electronic collateral reporting of Borrowers, appraise the Collateral or to assess Borrowers' business valuation.

10. **Borrowing Base Reporting Period (§2.6):**

Each week, or more or less frequently as Lender shall request in its reasonable credit judgment.

11. **Collection Days (§2.7):**



Two (2) Business Days (for the avoidance of doubt, Borrower shall receive credit for purposes of calculating Availability immediately upon receipt of all deposits, regardless of the form such deposits are received).

12. **Term (§3.1):**

December 17, 2015.

13. **Equipment Dispositions (§5.4(b)):**

\$250,000

**Aircraft Dispositions (§5.5(b)):**

\$2,000,000

14. **Opening Availability (§6.1(g)):**

\$1,500,000

15. **Other Conditions Precedent (§6.1(h)) (if none, so state):**

- (a) Lender shall have received a Deposit Account Control Agreement for each of the following Deposit Accounts of Borrowers: the Deposit Accounts (other than Excluded Accounts) maintained by Borrowers with PNC Bank that are listed on the Disclosure Schedule.
- (b) Lender shall have entered into a Lockbox Agreement in respect of a lockbox related to the Collections Account.
- (c) Lender shall have received final credit approval for the transactions described in this Agreement.
- (d) Lender shall have completed its business, financial, legal and collateral due diligence of Borrowers, including Borrowers' business plan, customary background checks and a collateral audit and review of Borrowers' Records; Borrowers' business plan; Borrowers' audited financial statements for the Fiscal Year ended December 31, 2011, and which results, with respect to each of the foregoing items in this clause (d), shall be satisfactory to Lender.
- (e) Without limiting the generality of Section 6.1 of the Loan Agreement, Lender shall have received appraisals of Borrowers' (i) Inventory, (ii) Aircraft Fleet, and (iii) all other Collateral reasonably required by Lender, in each case with respect to the foregoing clauses (i) through (iii), in form and substance satisfactory to Lender, which Lender may rely upon and performed by an appraiser or valuation firm acceptable to Lender.
- (f) Lender shall have received, reviewed and be satisfied with all of Borrowers' Material Agreements.

- (g) The Aircraft Perfection Documents shall be executed by Borrowers in favor of Lender and shall be duly recorded, at Borrowers' expense, with the FAA, and all representations, warranties and covenants made by Borrowers in the Aircraft Perfection Documents shall be true and correct; the international interests or prospective international interests related thereto, and any other interests registrable on the International Registry and deemed necessary by Lender to perfect and effectuate Lender's interests with respect thereto, have been duly registered, at Borrower's expense, on the International Registry; and Borrowers shall have delivered to Lender a certificate signed by a duly authorized officer of Borrower Agent and Borrowers' counsel covering such issues as Lender may request, including, without limitation, that (i) Borrowers is a certified air carrier within the meaning of Section 40102(a)(2) of Title 49, and Borrowers has all permits, licenses, authorizations and approval from all necessary governmental authorities, including the FAA and the United States Department of Transportation to maintain flight operations and to operate as a certified air carrier.
- (h) Lender shall have received a fully executed Copyright Security Agreement and Trademark Security Agreement.

16. **Financial Covenants (§8.8):**

Borrower covenant that, from the Closing Date until the Commitment Termination Date and Full Payment of the Obligations, Borrowers and each Subsidiary shall comply with the following additional covenants:

- (a) **Fixed Charge Coverage Ratio.** At the end of each fiscal quarter of Borrowers, commencing with the fiscal quarter ending on or about March 31, 2013, Borrowers shall maintain a Fixed Charge Coverage Ratio (calculated as described below) of not less than 1.2 to 1.0.

The Fixed Charge Coverage Ratio shall be calculated on a trailing twelve month basis provided that (i) during the period from the Closing Date to June 30, 2013, the fiscal months included in such calculation shall commence with October 1, 2012 and end on the most recent fiscal quarter end, and (ii) on or after June 30, 2013, such calculation shall be based on the immediately preceding twelve fiscal months then ending.

- (b) **Minimum Quarterly Adjusted EBITDA.** Borrowers shall achieve Adjusted EBITDA of not less than the amount set forth below as of the end of each fiscal quarter ending or about the dates set forth in the following table, calculated as set forth below:

Fiscal Quarter Ending:	Required Minimum:
December 31, 2012	\$520,000
March 31, 2013	\$950,000
June 30, 2013	\$1,420,000
September 30, 2013	\$1,940,000

December 31, 2013, and each fiscal quarter thereafter	\$2,000,000
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Adjusted EBITDA shall be calculated on a trailing four quarter basis provided that (i) during the period from the Closing Date to December 31, 2013, the fiscal quarters included in such calculation shall commence with the fiscal quarter ending on or about December 31, 2012 and end on the most recent fiscal quarter end, and (ii) on or after the fiscal quarter ending December 31, 2013, such calculation shall be based on the immediately preceding four fiscal quarters then ending.

- (c) Capital Expenditures. Borrowers shall not during any Fiscal Year make Capital Expenditures in an amount exceeding \$1,000,000 in the aggregate.
- (d) [Intentionally omitted.]
- (e) Cure Right. Notwithstanding anything to the contrary set forth herein, if Borrowers are not in compliance with the financial covenants set forth above in clauses (a) and (b) of this Item 16 of the Terms Schedule, then Sponsor will have a fifteen (15) day period commencing on the date of delivery of Borrowers' financial statements and Compliance Certificate showing such non-compliance (the "Covenant Cure Period") to raise equity in a manner permitted by this Agreement to the extent necessary to cause the such financial covenants to meet or exceed the level required hereunder by the last Business Day of such Covenant Cure Period (the "Cure Right"), and upon the receipt by Borrowers of such cash (the "Cure Amount") pursuant to the exercise of such Cure Right, such financial covenants shall be recalculated giving effect to a pro forma adjustment to Adjusted EBITDA, which shall be increased for the last fiscal quarter of the applicable measurement period for the purpose of measuring such financial covenants, but for no other purpose under this Agreement, by an amount equal to the Cure Amount. If, after giving effect to the foregoing recalculation, Borrowers shall then be in compliance with the requirements of clauses (a) and (b) of this Item 16 of the Terms Schedule, then Borrowers shall be deemed to have satisfied the requirements set forth therein as of the relevant date of determination with the same effect as though there had been (or would have been) no failure to comply therewith at such date, and the applicable breach or default of any such financial covenant that had occurred (or would have occurred) shall be deemed cured for the purposes of this Agreement. The Cure Amount shall be applied to such fiscal quarter in each subsequent measurement period that includes such fiscal quarter. Borrowers shall not be permitted to exercise the Cure Right more than two (2) times in any period of four (4) consecutive fiscal quarters or more than three (3) times during the term of this Agreement and the maximum aggregate amount of all Cure Amounts shall not exceed \$1,000,000.

As used in this Item 16 of the Terms Schedule, the following terms shall have the following means ascribed to them.

"Adjusted EBITDA" means, for any period, determined on a consolidated basis for Borrowers and their Subsidiaries, Net Income, plus (i) cash interest expense paid, (ii) cash income tax

expense paid, (iii) depreciation and amortization expense, (iv) non-cash (or paid-in-kind) board of director fees, (v) restructuring charges (including any severance or other related one-time costs associated with a restructuring), (vi) all non-cash charges, and (vii) proceeds received by any Borrower under any business interruption insurance policy.

"Capital Expenditures" means all liabilities incurred or expenditures made by any Borrower or any of its Subsidiaries for the acquisition of any fixed assets, or any improvements, substitutions or additions thereto with a useful life of more than one year that, in accordance with GAAP, would be required to be capitalized and shown on the consolidated balance sheet of Borrowers and its Subsidiaries.

"Fixed Charge Coverage Ratio" means, for any period, the quotient obtained by dividing (a) the difference between (i) Borrowers' Adjusted EBITDA for such period, minus (ii) all of each Borrower's unfinanced Capital Expenditures made in such period, and (C) cash Taxes paid by each Borrower in such period (without benefit of any refund), divided by (b) the sum of (i) the current portion of scheduled principal amortization on Debt for Money Borrowed or capital leases plus (ii) cash interest payments paid by each Borrower in such period; provided, however, for purposes of this definition, cash interest and principal payments paid by each Borrower for the quarter ending on or about December 31, 2012 shall be calculated after giving pro forma effect to the transaction contemplated under this Agreement.

"Net Income" means consolidated net income (or loss) of Borrowers and their Subsidiaries, excluding (i) extraordinary gains or extraordinary losses or charges and, (ii) any gains or losses from asset sales outside of the ordinary course of business (it being understood that sales of aircrafts are in the ordinary course of business), (iii) any gains or losses from discontinued operations, and (iv) any non-cash effect of accounting changes.

17. **Other Events of Default (§10.1) (if none, so state):**

The Obligors, as a whole, shall cease to be Solvent.

18. **Notices (§11.1):**

If to Borrowers:

AirNet Systems, Inc.  
7250 Star Check Drive  
Columbus, Ohio 43217  
Attention: John Dupuy  
Fred deLeeuw  
Facsimile: (614) 409 - 7965

with a courtesy copy to (which shall not be deemed notice):

Bayside Capital, Inc.  
1450 Brickell Avenue  
31st Floor  
Miami, Florida 33131  
Attention: Abbas Hasan

Facsimile: (305) 379-3655

Paul Hastings LLP  
191 North Wacker Drive  
Thirtieth Floor  
Chicago, IL 60605  
Attention: Louis R. Hernandez, III  
Facsimile: (312) 499-6100

If to Lender:

AloStar Bank of Commerce  
3630 Peachtree Road, N.E., Suite 1050  
Atlanta, GA 30326  
Attention: AirNet Loan Administration  
Facsimile: (404) 365-7110

with courtesy copies to (which shall not be deemed notice):

Parker, Hudson, Rainer & Dobbs LLP  
1500 Marquis Two Tower  
285 Peachtree Center Avenue, N.E.  
Atlanta, Georgia 30303  
Attention: C. Edward Dobbs, Esq.  
Facsimile: (404) 522-8409

19. **Aircraft Fleet Formula Amount:**

85% of the NFLV of Eligible Aircraft Fleet (or such lesser percentage as Lender may in its reasonable credit judgment determine from time to time).

For the purpose of determining the Aircraft Fleet Formula Amount, but subject to the operation of the Monthly Adjustment, each individual item of the Eligible Aircraft Fleet shall be valued at the NFLV (adjusted as set forth below) determined by a Qualified Appraisal conducted prior to the Closing Date (the "Closing Qualified Appraisal") or a Qualified Appraisal conducted after the Closing Date (each such appraisal, a "Updated Qualified Appraisal", and together with the Closing Qualified Appraisal, collectively, "Appraisals" and each individually, an "Appraisal"); provided, however, that any individual item of the Eligible Aircraft Fleet that is not included in an Appraisal shall be determined by Lender on the basis of the lower of cost or market of such Eligible Aircraft Fleet, calculated on a first-in, first-out basis in accordance with GAAP (the value of each individual item of the Eligible Aircraft Fleet as determined pursuant to this paragraph, the "Aircraft Fleet Value").

The Aircraft Fleet Value with respect to the Eligible Aircraft Fleet taken as a whole shall be adjusted effective on the last day of each fiscal month of Borrowers subsequent to the latter of (x) the Closing Date, and (y) the date that the Aircraft Fleet Value of each aircraft in such Eligible Aircraft Fleet was included in the Aircraft Fleet Formula Amount, by reducing its Aircraft Fleet Value by 0.83% (the "Aircraft Fleet Curtailment Amount" and, when expressed as a cumulative number, the sum of the Aircraft Fleet Curtailment Amount for each fiscal month since the Closing Date) (such Aircraft Fleet Value, as adjusted, the "Adjusted Aircraft Fleet Value"), provided, however, that if an Updated Qualified Appraisal was conducted during such fiscal month and the Aircraft Fleet Value with respect to the Eligible Aircraft Fleet taken as a whole set forth in such Updated Qualified Appraisal is less than the then applicable Adjusted Aircraft Fleet Value, then the adjustment of the Aircraft Fleet Value with respect to the Eligible Aircraft Fleet taken as a whole shall be solely to the appraised value set forth in such Updated Qualified Appraisal. By way of illustration, if the Eligible Aircraft Fleet is appraised at an Aircraft Fleet Value of \$100,000 pursuant to the Closing Qualified Appraisal, the Aircraft Fleet Value of the Eligible Aircraft Fleet shall be reduced to \$99,167 on October 31, 2012 and (assuming no intervening Appraisal) to \$98,340 on November 30, 2012, etc. If the Eligible Aircraft Fleet is appraised at an Aircraft Fleet Value of \$100,000 pursuant to an Appraisal dated November 15, 2012, then the Aircraft Fleet Value thereof shall remain at \$99,167 until the next scheduled monthly depreciation date of November 30, 2012. If the Eligible Aircraft Fleet taken as a whole is appraised at an Aircraft Fleet Value of \$90,000 pursuant to an Appraisal dated November 15, 2012, then the Aircraft Fleet Value thereof shall be reduced to \$90,000 on November 30, 2012.

The value of Eligible Aircraft Fleet for the purposes of the Aircraft Fleet Formula Amount shall be adjusted on a monthly basis (the "Monthly Adjustment"), commencing with the Borrowing Base Certificate most recently delivered following the delivery of the Aircraft Fleet report required pursuant to **Section 5.5**, by (x) adding 80% of the Aircraft Fleet Value of Eligible Aircraft Fleet acquired in the immediately preceding month as set forth in the Aircraft Fleet report, and (y) subtracting 100% of the value set forth in the Borrowing Base Certificate delivered during the month immediately preceding the disposal of Eligible Aircraft Fleet (i.e., 85% of the Aircraft Fleet Value of such disposed Eligible Aircraft Fleet, as reflected in such Borrowing Base Certificate). Changes in the value of Eligible Aircraft Fleet shall be effective upon delivery of such Borrowing Base Certificates as described below.

Each Borrowing Base Certificate shall, for the purposes of the Aircraft Fleet Formula Amount, value Eligible Aircraft Fleet at its Aircraft Fleet Value, and shall reflect the application of the immediately two preceding paragraphs.

*[Remainder of page intentionally left blank.]*

The undersigned have executed this Terms Schedule under seal on and as of the date of the Loan Agreement.

BORROWERS:

AIRNET SYSTEMS, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

AIRNET MANAGEMENT, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

FLIGHT EXPRESS, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

FLIGHT ICE, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

[Continued on following page.]



FLIGHT EXPRESS SERVICE CORP.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

AIRNET HOLDINGS, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

*[Continued on following page.]*

Accepted in Atlanta, Georgia:

LENDER:

**ALOSTAR BANK OF COMMERCE**

By:   
Susan Hall, Managing Director

EXHIBIT A

FORM OF REVOLVER NOTE

U.S. \$15,000,000.00

December 17, 2012  
Atlanta, Georgia

FOR VALUE RECEIVED, the undersigned, **AIRNET SYSTEMS, INC.**, an Ohio corporation ("AirNet Systems"), **AIRNET MANAGEMENT, INC.**, an Ohio corporation ("AirNet Management"), **FLIGHT EXPRESS, INC.**, a Florida corporation ("Flight Express"), **FLIGHT ICE, INC.**, a Florida corporation ("Flight Ice"), **FLIGHT EXPRESS SERVICE CORP.**, a Florida corporation ("Flight Express Service"), and **AIRNET HOLDINGS, INC.**, a Delaware corporation ("Holdings"; together with AirNet Systems, AirNet Management, Flight Express, Flight Ice, Flight Express Service and Holdings, collectively, "Borrowers" and each individually, a "Borrower"), hereby jointly and severally promise to pay to the order of **ALOSTAR BANK OF COMMERCE**, a state banking institution permitted and registered holder hereof, called "Lender", the principal sum of FIFTEEN MILLION AND NO/100 DOLLARS (\$15,000,000.00) or such lesser sum as may constitute the outstanding principal amount of all Revolver Loans made pursuant to the terms of the Loan Agreement (as defined below) on the date on which such outstanding principal amounts become due and payable pursuant to **Section 2.2(a)(i)** of the Loan Agreement (as defined below), in strict accordance with the terms thereof. Borrowers likewise unconditionally jointly and severally promise to pay to Lender interest from and after the date hereof on the outstanding principal amount of Revolver Loans at such interest rates, payable at such times and computed in such manner as are specified in **Sections 2.2(a)(ii)** and **2.3** of the Loan Agreement and in strict accordance with the terms thereof.

This Revolver Note (this "Note") is issued pursuant to, and is the "Revolver Note" referred to in, the Loan and Security Agreement dated on or about the date hereof (as the same may be amended, restated, supplemented or otherwise modified from time to time, the "Loan Agreement") among Borrowers and Lender, and Lender is and shall be entitled to all benefits thereof and of all other Loan Documents executed and delivered in connection therewith. All capitalized terms used herein, unless otherwise defined herein, shall have the meanings ascribed to such terms under the Loan Agreement.

The entire unpaid principal balance and all accrued interest on this Note shall be due and payable immediately upon the Commitment Termination Date. All payments of principal and interest shall be made in Dollars and in immediately available funds as specified in the Loan Agreement.

Upon or after the occurrence of an Event of Default and for so long as such Event of Default exists, the principal balance and all accrued interest of this Note may be declared (or shall become) due and payable in the manner and with the effect provided in the Loan Agreement, and the unpaid principal balance hereof shall bear interest at the Default Rate as and when provided in **Section 2.3** of the Loan Agreement. If this Note is collected by or through an attorney at law, then Borrowers shall be obligated to pay, in addition to the principal balance of and accrued interest on this Note, all costs of collection, including, without limitation, reasonable attorneys' fees and court costs, to the extent required under the Loan Agreement.

Revolver Note

All principal amounts of Revolver Loans made by Lender to Borrowers pursuant to the Loan Agreement, and all accrued and unpaid interest thereon, shall be deemed evidenced by this Note and shall continue to be owing by Borrowers until paid in accordance with the terms of this Note and the Loan Agreement.

In no contingency or event whatsoever, whether by reason of advancement of the proceeds of Revolver Loans or otherwise, shall the amount paid or agreed to be paid to Lender for the use, forbearance or detention of Revolver Loans exceed the highest lawful rate permissible under any law which a court of competent jurisdiction may deem applicable hereto; and, in the event of any such payment inadvertently paid by Borrowers or inadvertently received by Lender, such excess sum shall be, at Borrowers' option, returned to Borrowers forthwith or credited as a payment of principal, but shall not be applied to the payment of interest. It is the intent hereof that Borrowers not pay or contract to pay, and that Lender not receive or contract to receive, directly or indirectly in any manner whatsoever, interest in excess of that which may be paid by Borrowers under applicable law.

Time is of the essence of this Note. To the fullest extent permitted by applicable law, each Borrower, for itself and its legal representatives, successors and assigns, expressly waives presentment, demand, protest, notice of dishonor, notice of non-payment, notice of maturity, notice of protest, presentment for the purpose of accelerating maturity, diligence in collection, and the benefit of any exemption or insolvency laws.

Wherever possible each provision of this Note shall be interpreted in such a manner as to be effective and valid under applicable law, but if any provision of this Note shall be prohibited or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity without invalidating the remainder of such provision or remaining provisions of this Note. No delay or failure on the part of Lender in the exercise of any right or remedy hereunder shall operate as a waiver thereof, nor as an acquiescence in any default, nor shall any single or partial exercise by Lender of any right or remedy preclude any other right or remedy. Lender, at its option, may enforce its rights against any Collateral securing this Note without enforcing its rights against any Borrower, any Guarantor of the indebtedness evidenced hereby or any other property or indebtedness due or to become due to Borrowers. Each Borrower agrees that, without releasing or impairing such Borrower's liability hereunder, Lender may at any time release, surrender, substitute or exchange any Collateral securing this Note and may at any time release any party primarily or secondarily liable for the indebtedness evidenced by this Note.

The rights of Lender and obligations of Borrowers hereunder shall be construed in accordance with and governed by the laws (without giving effect to the conflict of law principles thereof) of the State of Georgia. This Note is intended to take effect as an instrument under seal under Georgia law.

To the fullest extent permitted by applicable law, each Borrower and, by its acceptance hereof, Lender, each hereby waives the right to trial by jury in any action, suit, proceeding or counterclaim of any kind arising out of, related to or based in any way upon this Note or any of the matters contemplated hereby.

*[Remainder of page intentionally left blank]*

IN WITNESS WHEREOF, each Borrower has caused this Note to be executed under seal and delivered by its duly authorized officer on the date first above written.

**AIRNET SYSTEMS, INC.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

[SEAL]

**AIRNET MANAGEMENT, INC.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

[SEAL]

**FLIGHT EXPRESS, INC.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

[SEAL]

**FLIGHT ICE, INC.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

[SEAL]

*[Continued on following page.]*

**FLIGHT EXPRESS SERVICE CORP.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

**[SEAL]**

**AIRNET HOLDINGS, INC.**

By: \_\_\_\_\_  
Fred deLeeuw, Chief Financial Officer

**[SEAL]**

EXHIBIT B

**FORM OF COMPLIANCE CERTIFICATE**

[Letterhead of Borrower]

\_\_\_\_\_, 20\_\_

AloStar Bank of Commerce  
3630 Peachtree Road, N.E., Suite 1050  
Atlanta, Georgia 30326  
Attn: Susan Hall

The undersigned, the [chief financial officer] of AIRNET SYSTEMS, INC., an Ohio corporation ("Borrower Agent"), gives this certificate to AloStar Bank of Commerce, a state banking institution incorporated or otherwise organized under the laws of the State of Alabama ("Lender"), in accordance with the requirements of Section 8.6(a) of that certain Loan and Security Agreement dated \_\_\_\_\_, 2012, among Borrowers and Lender (as at any time amended, the "Loan Agreement"). Capitalized terms used in this Certificate, unless otherwise defined herein, shall have the meanings ascribed to them in the Loan Agreement.

1. Attached hereto are copies of the balance sheets and statements of income, shareholders' equity and cash flow of Borrowers and their consolidated Subsidiaries for the [Fiscal Year] [month] ending [\_\_\_\_\_, 20\_\_], which have been prepared in accordance with GAAP in all material respects and fairly present in all material respects the financial position and results of operations of Borrowers for such [Fiscal Year] [month] subject only to changes due to audit and year-end adjustments and except that such statements do not contain notes.

2. I hereby certify based upon my review of the balance sheets and statements of income of Borrowers and their consolidated Subsidiaries for the 12-month period ending [\_\_\_\_\_, 20\_\_], that the Fixed Charge Coverage Ratio for the relevant measurement period is \_\_\_ to 1.0, which [is] [is not] in compliance with requirements of Item 16(a) of the Terms Schedule to the Loan Agreement.

3. I hereby certify based upon my review of the balance sheets and statements of income of Borrowers and their consolidated Subsidiaries for the 12-month period ending [\_\_\_\_\_, 20\_\_], that Adjusted EBITDA of Borrowers and their consolidated Subsidiaries for the relevant measurement period is \$\_\_\_\_\_ which [is][is not] in compliance with the requirements of Item 16(b) of the Terms Schedule to the Loan Agreement.

4. I hereby certify based upon my review of the balance sheets and statements of income of Borrowers and their consolidated Subsidiaries for the current Fiscal Year, that Capital Expenditures of Borrowers and their consolidated Subsidiaries for the current Fiscal Year were \$\_\_\_\_\_ which [is][is not] in compliance with the requirements of Item 16(c) of the Terms Schedule to the Loan Agreement.

5. No Default or Event of Default exists on the date hereof, other than: \_\_\_\_\_ [if none, so state]; and

6. During the month ending [\_\_\_\_\_, 20\_\_], Borrowers acquired rights to the following Intellectual Property and/or became entitled to the benefit of the following Intellectual Property: \_\_\_\_\_ [if none, so state];

7. During the month ending [\_\_\_\_\_, 20\_\_], Borrowers became aware of the following material infringements to Borrowers' Intellectual Property: \_\_\_\_\_ [if non, so state]; and

8. Attached hereto is a schedule showing the calculations that support Borrowers' [compliance] [non-compliance] with the financial covenants, as shown above.

Very truly yours,

\_\_\_\_\_

Chief Financial Officer



**Exhibit A**

**to**

**Compliance Certificate**

## LETTER OF CREDIT RIDER

THIS LETTER OF CREDIT RIDER (this "Rider"), dated December 17, 2012, is made a part of and incorporated into that certain Loan and Security Agreement between **ALOSTAR BANK OF COMMERCE**, a state banking institution organized under the laws of the State of Alabama (together with its successors and assigns, "Lender"), **AIRNET SYSTEMS, INC.**, an Ohio corporation ("AirNet Systems"), **AIRNET MANAGEMENT, INC.**, an Ohio corporation ("AirNet Management"), **FLIGHT EXPRESS, INC.**, a Florida corporation ("Flight Express"), **FLIGHT ICE, INC.**, a Florida corporation ("Flight Ice"), **FLIGHT EXPRESS SERVICE CORP.**, a Florida corporation ("Flight Express Service"), and **AIRNET HOLDINGS, INC.**, a Delaware corporation ("Holdings"; together with AirNet Systems, AirNet Management, Flight Express, Flight Ice, Flight Express Service and Holdings, collectively, "Borrowers" and each individually, a "Borrower"), dated on or about the date hereof (together with all schedules, Riders and exhibits annexed thereto and all amendments, restatements, supplements or other modifications with respect thereto, the "Loan Agreement").

1. **Definitions.** Capitalized terms contained in this Rider, unless otherwise defined herein, shall have the meanings given such terms in the Loan Agreement; and the provisions of **Section 1.5** of the Loan Agreement are incorporated herein. In addition, when used in this Rider, the following terms shall have the following meanings (terms defined in the singular to have the same meaning when used in the plural and vice versa):

"Cash Collateral" means cash that is delivered to Lender to Cash Collateralize any Obligations and all interest and other income earned (if any) on such cash.

"Cash Collateralize" means the delivery of cash to Lender, as security for the payment of any LC Credit Support Obligations, in an amount equal to 105% of the aggregate LC Credit Support Obligations at the time of delivery. Cash Collateralization has a correlative meaning.

"LC Application" means an application (whether consisting of a single or several documents) by a Borrower to LC Issuer, in form and substance satisfactory to LC Issuer, for the issuance of a Letter of Credit, which application shall, among other things, provided for such Borrower's reimbursement to LC Issuer for any amount paid by LC Issuer under a Letter of Credit.

"LC Conditions" means the following conditions to Lender's agreement to use its reasonable efforts to cause LC Issuer to issue a Letter of Credit: (a) each of the conditions set forth in Section 6 of the Loan Agreement is satisfied at the time of Lender's receipt of an LC Request and prompted issuance thereof; (b) Borrower Agent has delivered to Lender, in such manner as Lender may prescribe, an LC Request and an LC Application in form and substance satisfactory to LC Issuer and Lender for the issuance of the requested Letter of Credit and such other documents as may be required pursuant to the terms thereof; (c) Lender shall have determined that, immediately after giving effect to such issuance, (i) the total LC Credit Support Obligations will not exceed the LC Subline and (ii) the total LC Credit Support Obligations plus the aggregate balance of Revolver Loans outstanding at such time will not exceed the Borrowing Base at such time, or, if no Revolver Loans are outstanding at such time, the LC Credit Support Obligations will not exceed the Borrowing Base (without giving effect to the LC Reserve for purposes of this calculation); (d) the expiration date of such Letter of Credit is no more than 365 days from issuance [and at least 120 days prior to the effective date of termination of the Commitments], in the case of standby Letters of Credit; (e) the Letter of Credit and payments thereunder are

denominated in Dollars; and (f) the purpose and form of the proposed Letter of Credit are satisfactory to Lender in its discretion.

"LC Credit Support Obligations" means, on any date, the sum (without duplication) of the following on such date: (a) all amounts owing by Borrowers for reimbursement to Lender of amounts paid by Lender under any Credit Support of a Letter of Credit; (b) the aggregate amount of all liabilities (whether or not contingent at the time in question) of Lender to an LC Issuer under any Credit Support of outstanding Letters of Credit; and (c) all Fees and other amounts owing by Borrowers to Lender with respect to any Credit Support provided by Lender to an LC Issuer.

"LC Documents" means all agreements, instruments and documents executed by Borrowers or any other Person in favor of and delivered to LC Issuer or Lender in connection with, or as a condition to the issuance of, a Letter of Credit, including each LC Application and LC Request. All of the LC Documents, to the extent executed with or in favor of Lender, shall constitute "Loan Documents" (as defined in the Loan Agreement).

"LC Issuer" means any bank or other financial institution which is selected by Lender to be the issuer of a Letter of Credit and to which Lender provides a Credit Support as an inducement for such financial institution to issue such Letter of Credit.

"LC Request" means a request for issuance of a Letter of Credit, to be provided by Borrower Agent, in form satisfactory to LC Issuer and Lender.

"LC Reserve" means a reserve in the aggregate amount of all LC Credit Support Obligations outstanding any time, other than any LC Credit Support Obligations that have been fully Cash Collateralized.

"LC Subline" means an amount equal to \$350,000.

"Reimbursement Date" means, in case of Borrowers' obligation to reimburse LC Issuer for any amounts paid by LC Issuer under a Letter of Credit, the date on which LC Issuer makes payment under such Letter of Credit; and in the case of Borrowers' obligation to reimburse Lender for any amounts paid by Lender under any Credit Support to an LC Issuer, the date on which Lender makes payment under such Credit Support.

2. **Letters of Credit.** Lender agrees to use its reasonable efforts to cause LC Issuer to issue Letters of Credit from time to time from the date hereof until the date that is 90 days before the last day of the Term; provided, however, that Lender shall have no obligation to request the issuance of a Letter of Credit on or after the Commitment Termination Date or if at the time of Borrower Agent's request for a Letter of Credit, all of the LC Conditions are not satisfied as determined by Lender. Lender's agreement to request LC Issuer to issue Letters of Credit is further subject to the following terms and conditions:

- (a) Lender's willingness to use its reasonable efforts to cause LC Issuer to issue any Letter of Credit is conditioned upon LC Issuer's receipt of an LC Request and an LC Application with respect to the requested Letter of Credit, as well as such other instruments and agreements as LC Issuer may customarily require for issuance of a Letter of Credit of similar type and amount, but Lender shall have no obligation to issue any Letter of

Credit and shall have no liability for LC Issuer's failure to issue or delay in issuing any Letter of Credit.

- (b) Letters of Credit may be requested by Borrowers only to support obligations of Borrowers incurred in the Ordinary Course of Business or for other purposes as Lender may approve from time to time in writing. The renewal or extension of any Letter of Credit shall be treated as the issuance of a new Letter of Credit, except that delivery of a new LC Application shall be required at the discretion of Lender or LC Issuer.
- (c) Borrowers assume all risks of the acts, omissions or misuses of any Letter of Credit by the beneficiary. In connection with any Letter of Credit, Lender shall not be responsible for the existence, character, quality, quantity, condition, packing, value or delivery of any goods purported to be represented by any Documents; any differences or variation in the character, quality, quantity, condition, packing, value or delivery of any goods from that expressed in any Documents; the form, validity, sufficiency, accuracy, genuineness or legal effect of any Documents or of any endorsements thereon; the time, place, manner or order in which shipment of goods is made; partial or incomplete shipment of, or failure to ship, any goods referred to in a Letter of Credit or any Documents; any deviation from instructions, delay, default or fraud by any shipper or other Person in connection with any goods, shipment or delivery; any breach of contract between a shipper or vendor and Borrowers; errors, omissions, interruptions or delays in transmission or delivery of any messages, by mail, cable, telegraph, telecopy, e-mail, telephone or otherwise; errors in interpretation of technical terms; the misapplication by a beneficiary of any Letter of Credit or the proceeds thereof; any payment by LC Issuer under a Letter of Credit that was improperly made or any consequences arising from causes beyond Lender's control, including any act or omission of a governmental authority. Lender shall be fully subrogated to the rights and remedies of each beneficiary whose claims against Borrowers are discharged with proceeds of any Letter of Credit and of each LC Issuer whose claims against Borrowers are discharged pursuant to a Credit Support.
- (d) Borrowers shall promptly comply with each LC Document. An Event of Default shall occur if Borrowers fail to comply with any covenant contained herein or in any LC Document or if any representation or warranty by Borrowers in any LC Document is not true and correct in all material respects when made or furnished (or deemed to be made or furnished).

**3. Reimbursement.** If LC Issuer honors any request for payment under a Letter of Credit, Borrowers shall pay to LC Issuer, on the Reimbursement Date, the amount paid under such Letter of Credit. If Lender makes any payment to LC Issuer under any Credit Support, Borrowers shall pay to Lender, on the Reimbursement Date, the amount paid by Lender under such Credit Support together with interest at the interest rate applicable to Revolver Loans from the Reimbursement Date until full payment is actually made by Borrowers. The obligation of Borrowers to reimburse LC Issuer or Lender for any payment made under a Letter of Credit or Credit Support shall be absolute, unconditional, irrevocable and shall be paid without regard to any lack of validity or enforceability of any Letter of Credit or any LC Document; or the existence of any claim, setoff, defense, counterclaim or other right that Borrowers may have at any time against the beneficiary or the LC Issuer. Borrowers shall be

deemed to have requested a Revolver Loan in an amount necessary to pay all amounts due Lender on any Reimbursement Date.

4. **Cash Collateral.** If any LC Credit Support Obligations, whether or not then due or payable, shall for any reason be outstanding (a) when a Default or Event of Default exists, (b) when Availability is less than zero, (c) on or after the effective date of termination of the Commitments, or (d) within 30 days prior to the last day of the Term, then Borrowers shall, forthwith, at Lender's request, Cash Collateralize all LC Credit Support Obligations (whether absolute or contingent at the time in question). If Borrowers fail to provide Cash Collateral as required herein, Lender may advance, as one or more Revolver Loans, the amount of Cash Collateral required, whether or not the Commitment Termination Date has occurred. Without limiting the foregoing, on the Commitment Termination Date, Borrowers shall comply with the terms of Section 3 of the Loan Agreement and shall either (a) Cash Collateralize all LC Credit Support Obligations (whether absolute or contingent at the time in question) or (b) cause to be issued a replacement letter of credit, to be in form and substance satisfactory to Lender and LC Issuer, for each Letter of Credit outstanding on such date, and cause each Letter of Credit to be returned to LC Issuer marked cancelled concurrently with the issuance of each replacement letter of credit.

5. **Availability Reserve; Maximum Revolver Facility Amount.** The Availability Reserve on any date shall be increased by an amount equal to the LC Reserve on such date. The Maximum Revolver Facility Amount shall not be increased by the amount of the LC Subline, and the aggregate amount of all Revolver Loans and LC Credit Support Obligations outstanding on any date shall not exceed the Maximum Revolver Facility Amount.

6. **Indemnification.** In addition to any other indemnity which Borrowers may have to any Indemnitee under the Loan Agreement or any of the other Loan Documents and without limiting such other indemnification provisions, Borrowers agree to indemnify and defend each of the Indemnitees and to hold each of the Indemnitees harmless from and against any and all claims, demands, liabilities, costs, actions, suits or proceedings that any one or more Indemnitees may incur or be subject to as a consequence, directly or indirectly, of (a) the issuance of, payment or failure to pay, or any performance or non-performance under any Letter of Credit or any LC Document, (b) any suit, investigation or proceeding to which any Indemnitee may become a party as a consequence, directly or indirectly, of the issuance of any Letter of Credit or Credit Support therefor or payment or failure to pay under such Letter of Credit or Credit Support, and (c) any action, suit or other proceeding to recover, set aside or reclaim any amount paid by or on behalf of Borrowers, or from any proceeds of the Collateral, to or for the benefit of any Indemnitee on account of any of the LC Credit Support Obligations. This indemnity shall survive Full Payment of the Obligations and termination of the Commitments.

7. **Letter of Credit Fees.** Borrowers shall pay to Lender a fee equal to five and one-quarter percent (5.25%) multiplied by the average daily undrawn amount of all Letters of Credit issued and outstanding pursuant to the Loan Documents, which fee shall be payable monthly, in arrears, on the first day of each [month. Borrowers shall pay to LC Issuer all fees, charges, costs and expenses associated with the issuance, amending, negotiating, payment, processing, transfer and administration of Letters of Credit, which fees, charges, costs and expenses shall be paid as and when incurred. During an Event of Default, the fee payable to Lender under the first sentence of this Section 7 shall be increased by 2.0% per annum.

*[Remainder of page intentionally left blank.]*

The undersigned have executed this Letter of Credit Rider under seal on the date first written above.

BORROWERS:

AIRNET SYSTEMS, INC.

By:   
Fred deLeeuw, Chief Financial Officer


[SEAL]

AIRNET MANAGEMENT, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

FLIGHT EXPRESS, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

FLIGHT ICE, INC.

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

[Continued on following page.]

**FLIGHT EXPRESS SERVICE CORP.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

**AIRNET HOLDINGS, INC.**

By:   
Fred deLeeuw, Chief Financial Officer

[SEAL]

*[Continued on following page.]*

Accepted in Atlanta, Georgia:

LENDER:

**ALOSTAR BANK OF COMMERCE**

By:   
Susan Hall, Managing Director