

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 10-Q

(Mark One)

- QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2004

or

- TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from ____ to ____

Commission File Number 1-13025

AirNet Systems, Inc.

(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation or organization)

31-1458309
(I.R.S. Employer
Identification No.)

3939 International Gateway
Columbus, Ohio 43219
(Address of principal executive offices) (Zip Code)

(614) 237-9777
(Registrant' s telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 4, 2004, 10,109,883 of the registrant' s common shares, par value \$0.01, were outstanding.

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AIRNET SYSTEMS, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

In thousands, except par value	September 30, 2004	December 31, 2003
	(unaudited)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$926	\$125
Accounts receivable, less allowances	22,248	18,647
Inventory	292	286
Taxes receivable	1,012	1,401
Deposits and prepaids	4,384	3,246
Total current assets	28,862	23,705
Net property and equipment	106,863	125,102
Other assets:		
Goodwill, net of accumulated amortization	-	4,018
Other	313	448
Total assets	\$136,038	\$153,273
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$13,265	\$7,442
Salaries and related liabilities	4,307	4,955
Deferred revenues	1,286	184
Accrued expenses	1,102	887
Taxes payable	-	76
Deferred income taxes	4	4
Current portion of notes payable	21,933	5,256
Total current liabilities	41,897	18,804
Other liabilities	862	1,280
Notes payable, less current portion	38,301	32,520
Deferred tax liability	408	16,389
Shareholders' equity:		
Preferred shares, \$.01 par value; 10,000 shares authorized; no shares issued and outstanding	-	-
Common shares, \$.01 par value; 40,000 shares authorized; 12,763 shares issued at September 30, 2004 and at December 31, 2003	128	128
Additional paid-in-capital	76,963	77,759
Retained earnings	1,959	31,938
Accumulated other comprehensive loss	(35)	(35)
Treasury shares, 2,654 and 2,720 shares held at cost at September 30, 2004 and December 31, 2003, respectively	(24,445)	(25,510)
Total shareholders' equity	54,570	84,280
Total liabilities and shareholders' equity	\$136,038	\$153,273

See notes to condensed consolidated financial statements

AIRNET SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS- Unaudited

In thousands, except per share data

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2004	2003	2004	2003
NET REVENUES				
Delivery services, net of excise tax:				
Bank services	\$26,616	\$25,996	\$78,678	\$78,000
Express services	12,844	9,265	35,725	26,906
Total delivery services revenues	<u>39,460</u>	35,261	<u>114,403</u>	104,906
Passenger charter services	4,266	2,334	11,532	5,550
Aviation services and other operations	211	425	613	1,223
Total net revenues	<u>43,937</u>	38,020	<u>126,548</u>	111,679
COSTS AND EXPENSES				
Wages and benefits	6,519	6,464	19,521	18,823
Aircraft fuel	7,140	4,655	18,862	14,548
Aircraft maintenance	3,567	2,750	10,448	9,085
Contracted air costs	3,540	2,411	9,738	7,596
Ground courier	7,465	6,443	22,494	18,884
Depreciation	5,638	4,549	15,577	13,060
Insurance, rent and landing fees	2,230	2,565	7,432	7,193
Travel, training and other	2,276	2,115	7,488	6,457
Selling, general and administrative	3,559	3,846	11,566	11,400
Net (gain) loss on disposition of assets	-	(24)	289	(6)
Impairment of assets	42,991	-	42,991	-
Impairment of goodwill	4,018	-	4,018	-
Total costs and expenses	<u>88,943</u>	35,774	<u>170,424</u>	107,040
Income (loss) from continuing operations	(45,006)	2,246	(43,876)	4,639
Interest expense	777	312	1,552	1,060
Income (loss) from continuing operations before income taxes	(45,783)	1,934	(45,428)	3,579
Provision (benefit) for income taxes	(15,599)	862	(15,446)	1,503
Income(loss) from continuing operations	(\$30,184)	\$1,072	(\$29,982)	\$2,076
Income(loss) from discontinued operations, net of taxes	-	(\$25)	-	(\$8)
Net income (loss)	<u>(\$30,184)</u>	<u>\$1,047</u>	<u>(\$29,982)</u>	<u>\$2,068</u>
Income (loss) per share - basic and diluted				
Continuing operations	(\$2.99)	\$0.11	(\$2.98)	\$0.21
Discontinued operations	-	(\$0.01)	-	(\$0.01)
Net income (loss) per share - basic and diluted	(\$2.99)	\$0.10	(\$2.98)	\$0.20

See notes to condensed consolidated financial statements

AIRNET SYSTEMS, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS- Unaudited

In thousands	Nine Months Ended September 30,	
	2004	2003
Operating activities:		
Net income (loss)	(\$29,982)	\$2,068
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:		
Depreciation	15,577	13,060
Impairment of assets and goodwill	47,009	-
Deferred taxes	(15,986)	1,450
Provision for losses on accounts receivable	117	347
(Gain) loss on disposition of assets	289	(93)
Cash provided by (used in) operating assets and liabilities:		
Accounts receivable	(3,717)	(86)
Inventory	(6)	(215)
Prepaid expenses	(1,138)	(759)
Accounts payable	5,471	2,093
Deferred revenues and accrued expenses	1,251	1,817
Taxes payable	315	(232)
Salaries and related liabilities	(647)	(180)
Other, net	137	(26)
Net assets of discontinued operations	-	1,188
Net cash provided by operating activities	18,690	20,432
Investing activities:		
Purchases of property and equipment	(43,721)	(13,418)
Proceeds from sales of property and equipment	3,104	17
Proceeds from sale of Mercury Business Services	-	122
Net cash used in investing activities	(40,617)	(13,279)
Financing activities:		
Proceeds from incentive stock plan programs	119	141
Net repayments under the revolving credit facility	(2,800)	(5,700)
Net borrowings (repayments) of long-term debt	25,258	(894)
Issuance (purchase) of treasury shares	151	(236)
Net cash provided by (used in) financing activities	22,728	(6,689)
Net increase in cash	801	464
Cash and cash equivalents at beginning of period	125	1,055
Cash and cash equivalents at end of period	\$926	\$1,519

See notes to condensed consolidated financial statements

AIRNET SYSTEMS, INC.

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (Unaudited)

1. Basis of Presentation

AirNet Systems, Inc. and its subsidiaries ("AirNet" or the "Company") operate a fully integrated national air transportation network which provides delivery service for time-critical shipments for customers in the U.S. banking industry and other industries requiring the express delivery of packages. AirNet also offers passenger charter services and retail aviation fuel sales and related ground services.

The accompanying condensed consolidated financial statements include the accounts of AirNet Systems, Inc. and its subsidiaries. These financial statements are unaudited and have been prepared in accordance with the instructions for Form 10-Q. Certain information and footnote disclosures normally included in financial statements prepared in accordance with accounting principles generally accepted in the United States of America have been condensed or omitted as permitted by the instructions for Form 10-Q. These condensed consolidated financial statements should be read in conjunction with the consolidated financial statements and notes thereto included in AirNet Systems, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003. The results of operations for the quarterly and nine month periods ended September 30, 2004 are not necessarily indicative of the results for the full year.

The financial information included herein reflects all adjustments (consisting of normal recurring adjustments), which are, in the opinion of management, necessary for a fair presentation of the results of interim periods.

The preparation of the condensed consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in those financial statements and accompanying notes thereto. Actual results could differ from those estimates.

Certain reclassifications have been made in the prior year's financial statements to conform to the presentation for the three and nine month periods ended September 30, 2004.

2. Impairment of Assets and Goodwill

AirNet recognizes impairment losses on long-lived assets used in operations in accordance with SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). AirNet recognizes impairment losses on long-lived assets used in operations, when events or changes in circumstances indicate, in management's judgment, that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of those assets. The net carrying value of the assets not recoverable is reduced to fair market value if lower than carrying value. In determining the fair market value of the assets, AirNet considers market trends, published market data, and recent transactions involving sales of similar assets.

AirNet's long-lived assets used in its cargo operations, consisting primarily of aircraft and spare parts, were determined to be impaired as of September 30, 2004. This determination was made as a result of recent industry trends in the adoption of electronic payment alternatives and evolving electronic alternatives to the physical movement of cancelled checks at a more rapid pace than previously anticipated by the industry. AirNet believes that enactment of the Check 21 Act in October 2004 will contribute to this trend. Furthermore, recent market data and other disclosures by the Federal Reserve confirm the accelerating decline in cancelled check volume. AirNet's cargo airline was originally designed, and continues to operate, primarily to meet the needs of Bank services customers. AirNet believes that its airline capacity will exceed future demand, creating an impairment of the aircraft and related assets. The impairment also reflects the overall decline in the market values of the aircraft in its cargo fleet which have not recovered as in previous economic cycles. AirNet determined that the expected future undiscounted cash flows from its assets used in its cargo operations were less than the carrying value of those assets and were impaired. Accordingly, a non-cash impairment charge of \$43.0 million was recorded as of September 30, 2004, using estimated aircraft fair values. The aircraft fair values used for this purpose are based upon published market sources as of September 30, 2004, which are also used under AirNet's Amended Credit Agreement (See Note 7).

Under SFAS No. 142, "Goodwill and Other Intangible Assets", AirNet evaluates its goodwill for impairment annually, or more frequently if changes in circumstances indicate impairment may have occurred sooner. AirNet determined that as a result of the impairment of its long-lived assets used in its cargo operations, the remaining goodwill assigned to the cargo operations should be evaluated for potential impairment. AirNet evaluates the fair value of its goodwill related to its cargo operations based upon a discounted future cash flow analysis. As a result of the impairment test AirNet determined that its goodwill was impaired and, accordingly, a non-cash impairment charge of \$4.0 million was recorded.

3. Stock Plans and Awards

SFAS No. 148, *Accounting for Stock-Based Compensation-Transition and Disclosure*, requires prominent disclosures in both annual and interim financial statements regarding the method of accounting for stock-based employee compensation and the effect of the method used on reported results.

The Company accounts for its employee and director stock-based compensation plans under the recognition and measurement principles of APB Opinion No. 25, *Accounting for Stock Issued to Employees*, and related interpretations. No stock-based employee compensation cost is reflected in net income, as all options granted have an exercise price equal to the market value of the underlying common shares on the date of grant. Pro forma information regarding net income (loss) and net income (loss) per share, as required by SFAS No. 148, has been determined as if the Company had accounted for its employee stock options under the fair value method of SFAS No. 123, *Accounting for Stock-Based Compensation*. The fair value of these options was estimated at the date of grant using the Black-Scholes option pricing model.

The following table illustrates the effect on net income (loss) and net income (loss) per share as if the Company had applied the fair value recognition provisions of SFAS No. 123 to stock-based employee compensation (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Net income (loss), as reported	(\$30,184)	\$1,047	(\$29,982)	\$2,068
Deduct: Total stock-based employee compensation expense determined under fair value method for all awards, net of related tax effects	<u>(34)</u>	<u>(23)</u>	<u>(154)</u>	<u>(108)</u>
Pro forma net income (loss)	<u>(\$30,218)</u>	<u>\$1,024</u>	<u>(\$30,136)</u>	<u>\$ 1,960</u>
Net income (loss) per share				
As reported				
Basic and diluted	(\$2.99)	\$.10	(\$2.98)	\$.20
Pro forma				
Basic and diluted	(\$2.99)	\$.10	(\$2.99)	\$.19

4. Income (Loss) Per Share From Continuing Operations

The following table sets forth the computation of basic and diluted income (loss) per common share from continuing operations (in thousands, except per share data):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	<u>2004</u>	<u>2003</u>	<u>2004</u>	<u>2003</u>
Numerator:				
Income (loss) from continuing operations	(\$30,184)	\$1,072	(\$29,982)	\$2,076
Denominator:				
Basic – weighted average shares outstanding	10,100	10,070	10,070	10,106
Diluted				
Stock options—employees, officers, and directors	<u>-</u>	<u>19</u>	<u>-</u>	<u>20</u>
Adjusted weighted average shares outstanding	10,100	10,089	10,070	10,126
Income (loss) per share from continuing operations				
Basic and diluted	(\$2.99)	\$0.11	(\$2.98)	\$0.21

Common shares subject to outstanding stock options excluded from the diluted adjusted weighted average shares outstanding calculation were 771,207 and 742,927 for the three and nine month periods ended September 30, 2004, respectively. These options were antidilutive and excluded from the calculation because (1) the exercise price of these options was greater than the average fair market value of the underlying common shares in the respective periods or (2) the losses for the three and nine month periods ended September 30, 2004 caused the options to be antidilutive.

5. Comprehensive Income

Comprehensive income is comprised of net income of the Company and the change in the fair value of interest rate swap agreements, net of income taxes. Comprehensive income (loss) for the nine months ended September 30, 2004 and September 30, 2003 was (\$29,642,000) and \$2,081,000, respectively. Comprehensive income (loss) for the three months ended September 30, 2004 and 2003 was (\$30,184,000) and \$1,060,000, respectively.

6. Discontinued Operations

On August 11, 2003, AirNet Systems, Inc. completed the sale of substantially all of the assets of its Mercury Business Services unit to Mercury Business Services, Inc., a Delaware corporation owned by a group that include the original owners of the Mercury business.

The sales price of the transaction was approximately \$1.1 million. Mercury Business Services, Inc. paid approximately \$455,000 of the sales price through the issuance of a ninety day promissory note secured by the assets being sold and guaranteed by each of the shareholders of Mercury Business Services, Inc. Under the terms of the Asset Purchase Agreement, approximately \$536,000 of the purchase price was paid with AirNet Systems, Inc. common shares owned by the shareholders of Mercury Business Services, Inc., including 56,000 common shares tendered to AirNet Systems, Inc. prior to closing at \$4.30 per share (the closing price of the AirNet Systems, Inc. common shares on the NYSE on July 25, 2003) and 68,494 common shares tendered to AirNet Systems, Inc. on the closing date at \$4.31 per share (the average closing price of the AirNet Systems, Inc. common shares on the NYSE on August 4-6, 2003). The balance of the sales price was paid in cash.

AirNet accounted for these operations as discontinued operations.

The Mercury Business Services unit had revenues of \$1.0 million and \$5.9 million for the three and nine month periods ended September 30, 2003, respectively.

Pre-tax loss for AirNet's Mercury Business Services unit was \$41,000 and \$13,000 for the three and nine month periods ended September 30, 2003, respectively.

7. Bank Financing Matters

In June 2004, AirNet entered into an amended and restated term loan and revolving loan credit facility (collectively, the "Amended Credit Agreement") with its banks. The Amended Credit Agreement provides AirNet with a secured revolving credit facility with up to \$35.0 million available and a secured term loan in the aggregate amount of \$14.0 million. The amount of revolving loans available under the Amended Credit Agreement is further limited to a borrowing base equal to the aggregate of 80% of eligible accounts receivable, plus 50% of eligible inventory, plus 70% of the market value of certain fixed assets, reduced by the aggregate amount of AirNet's outstanding letters of credit. As of September 30, 2004, \$16.0 million and \$12.0 million were outstanding under the secured revolving credit facility and secured term loan, respectively. As of September 30, 2004, AirNet had approximately \$19.0 million available to borrow on its secured revolving loan facility.

The revolving credit facility under the Amended Credit Agreement expires on September 30, 2005 and the secured term loan matures on September 30, 2007. As of September 30, 2004, approximately \$16.0 million of the revolving credit facility was reclassified on Airnet's Condensed Consolidated Balance Sheet as current liabilities. Quarterly principal payments of \$1.0 million are required for the secured term loan beginning in June 2004 and continuing through September 30, 2007. The Amended Credit Agreement is secured by a first lien on all of the property of AirNet and its subsidiaries, other than any interest in real estate and certain excluded fixed assets. The Amended Credit Agreement permits AirNet and its subsidiaries to incur other indebtedness for the purpose of purchasing or refinancing aircraft and related tangible fixed assets, subject to certain annual limitations. AirNet has also pledged the interests in its subsidiaries, and each of AirNet's subsidiaries has guaranteed AirNet's obligations under the Amended Credit Agreement. The Amended Credit Agreement contains limitations on operating leases, indebtedness, significant corporate changes including mergers and sales of assets, investments in subsidiaries and acquisitions, liens, capital expenditures, transactions with affiliates, sales of accounts receivable, sale and leaseback transactions and other off-balance sheet liabilities, contingent obligations and hedging transactions. The Amended Credit Agreement also contains financial covenants that require AirNet to maintain a minimum consolidated tangible net worth and to not exceed fixed charge coverage and leverage ratios specified in the Amended Credit Agreement. As a result of the impairment charge taken in September 2004 as described in Note 2, AirNet was not in compliance with the fixed charge coverage ratio and the leverage ratio calculated as of September 30, 2004, and AirNet would not be in compliance with the minimum consolidated tangible net worth requirement to be calculated as of December 31, 2004 (pursuant to the Amended Credit Agreement, this ratio is calculated annually as of December 31, AirNet's fiscal year-end). Effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a waiver of any defaults or potential defaults under the Amended Credit Agreement which resulted or may have resulted from the non-compliance with the foregoing financial covenants caused by the impairment charge. Additionally, effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a Change in Terms Agreement which modified the foregoing financial covenants so that, on a going-forward basis, the impairment charge does not cause a default or potential default of these financial covenants in the future.

The Amended Credit Agreement bears interest, at AirNet's option, at (a) a fixed rate equal to LIBOR plus a margin determined by AirNet's leverage ratio as defined in the Amended Credit Agreement, or (b) a floating rate based on the greater of the sum of (i) the prime rate established by The Huntington National Bank from time to time plus a margin determined by AirNet's leverage ratio and (ii) the sum of 0.5% plus the federal funds rate in effect from time to time. After the effective date of the Amended Credit Agreement, AirNet paid off its three five-year term loans totaling approximately \$3.4 million incurred during first quarter 2002.

During the second quarter 2004, AirNet entered into four seven-year term loans totaling \$22.5 million with fixed interest rates of approximately 6.7%. As of September 30, 2004, there was \$22.3 million outstanding on these secured term loans, and the net book value of the aircraft securing the loans totaled approximately \$28.5 million. In July 2004, AirNet financed two additional passenger charter Learjet 60's for the Passenger Charter fleet at \$5.0 million each with fixed rates of approximately 6.5%, for a total of \$32.5 million in financing related to AirNet's Passenger Charter services. AirNet has pledged the interests in its subsidiaries, and each of AirNet's subsidiaries has guaranteed AirNet's obligations under the term loans. Each of the term loans is secured by aircraft used in the Passenger Charter fleet.

AIRNET SYSTEMS, INC.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Safe Harbor Statement

Except for the historical information contained in this Form 10-Q, the matters discussed, including, but not limited to, information regarding future economic performance and plans and objectives of AirNet's management, are forward-looking statements that involve risks and uncertainties. When used in this document, the words "believe", "anticipate", "estimate", "expect", "intend", "may", "plan", "project" and similar expressions are intended to be among statements that identify forward-looking statements. Such statements involve risks and uncertainties including, but not limited to, the following which could cause actual results to differ materially from any forward-looking statement: potential regulatory changes by the Federal Aviation Administration ("FAA"), which could increase the regulation of AirNet's business, or potential regulatory changes by the Federal Reserve which could change the competitive environment of transporting cancelled checks; changes in check processing and shipment patterns of bank customers; the continued acceleration of migration of AirNet's Bank customers to electronic alternatives to the physical movement of cancelled checks; adverse weather conditions; declines in the values of aircraft in AirNet's fleet and any related asset impairment charges; the ability to successfully market the passenger charter business in light of global changes in the commercial airline industry; potential changes in locally and federally mandated security requirements; increases in aviation fuel costs not fully offset by AirNet's fuel surcharge program; potential cost overruns associated with the construction of a new facility at Rickenbacker International Airport; acts of war and terrorist activities; the acceptance of AirNet's time-critical service offerings within targeted Express markets; technological advances and increases in the use of electronic funds transfers; the availability and cost of financing required for operations; the impact of unusual items resulting from ongoing evaluations of our business strategies; as well as other economic, competitive and domestic and foreign governmental factors affecting AirNet's markets, prices and other facets of its operations. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated. Please refer to the sections captioned "Forward-looking statements" and "Risk Factors" in Item 7 of the Annual Report on Form 10-K for the fiscal year ended December 31, 2003 of AirNet Systems, Inc. (File No. 1-13025) for additional details relating to risk factors that could affect AirNet's results and cause those results to differ materially from those expressed in forward-looking statements.

General

Critical Accounting Policies and Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to adopt accounting policies and make significant judgments and estimates to develop amounts reflected and disclosed in the financial statements. In many cases, there are alternative policies or estimation techniques that could be used. AirNet maintains a thorough process to review the application of its accounting policies and to evaluate the appropriateness of the estimates; however, even under optimal circumstances, estimates routinely require adjustment based on changing circumstances and the receipt of new or better information.

Management has discussed the development and selection of AirNet's critical accounting policies and estimates with the Audit Committee of AirNet Systems, Inc.'s Board of Directors and with its independent auditors. AirNet's critical accounting policies have not changed significantly from the policies disclosed in Item 7 of AirNet Systems, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003.

AirNet's audited consolidated financial statements for the fiscal year ended December 31, 2003, included in Item 8 of AirNet Systems, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, contain additional disclosures regarding AirNet's significant accounting policies and Item 7 of that Annual Report on Form 10-K includes a summary of AirNet's critical accounting policies. The information appearing therein may be useful when reading this discussion and analysis of financial condition and results of operations.

Results of Operations

Net Revenues

In '000's

Revenues	3 months ending September 30, 2004	3 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004	9 months ending September 30, 2004	9 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004
Package Delivery Services:								
Bank Services	\$26,616	\$25,996	\$620	2%	\$78,678	\$78,000	\$678	1%
Express Services	<u>12,844</u>	<u>9,265</u>	<u>3,579</u>	39%	<u>35,725</u>	<u>26,906</u>	<u>8,819</u>	33%
Total Package Delivery Services	39,460	35,261	4,199	12%	114,403	104,906	9,497	9%
Passenger Charter Services	4,266	2,334	1,932	83%	11,532	5,550	5,982	108%
Aviation Services	<u>211</u>	<u>425</u>	<u>(214)</u>	(50%)	<u>613</u>	<u>1,223</u>	<u>(610)</u>	(50%)
Total Net Revenues	<u>\$43,937</u>	<u>\$38,020</u>	<u>\$5,917</u>	16%	<u>\$126,548</u>	<u>\$111,679</u>	<u>\$14,869</u>	13%

AirNet has experienced overall net revenue growth for the three months and nine months ended September 30, 2004 over the same periods of the prior year. This can be attributed to several factors including increased Express shipment volume and growth in Passenger Charter services as well as additional fuel surcharge revenues.

Bank Services Revenues

In '000's

Revenues	3 months ending September 30, 2004	3 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004	9 months ending September 30, 2004	9 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004
Bank Weekday	\$23,600	\$23,845	(\$245)	(1%)	\$70,956	\$71,333	(\$377)	(1%)
Bank Weekend	1,948	1,890	58	3%	5,826	5,533	293	5%
Fuel Surcharge	1,688	841	847	101%	3,792	2,972	820	28%
Federal Excise Tax	<u>(620)</u>	<u>(580)</u>	<u>(40)</u>	7%	<u>(1,896)</u>	<u>(1,838)</u>	<u>(58)</u>	3%
Net Revenues	<u>\$26,616</u>	<u>\$25,996</u>	<u>\$620</u>	2%	<u>\$78,678</u>	<u>\$78,000</u>	<u>\$678</u>	1%

Bank weekday revenues decreased in the quarter and year -to-date 2004 as compared to the same periods of the prior year. The third quarter decrease was primarily due to a decrease in the total number of shipments as well as the number of pounds per shipment by the Company's bank customers, while the year -to-date decrease was primarily due to a decrease in the number of pounds per shipment. Increased fuel prices in the third quarter and year-to-date 2004 resulted in significantly higher fuel surcharge revenues compared to the same quarter and year -to-date 2003. AirNet believes that lower check delivery volume as a result of historically low interest rates, the declining use of checks, and the Check 21 Act which became effective in October 2004, will contribute to a significant reduction in bank revenues in future periods, as will increased competitive factors from regional carriers and transportation cost reduction initiatives by AirNet's Bank customers.

Express Services Revenues

In '000's

Revenues	3 months ending September 30, 2004	3 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004	9 months ending September 30, 2004	9 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004
Express services	\$12,723	\$9,339	\$3,384	36%	\$35,553	\$26,978	\$8,575	32%
Fuel Surcharge	508	209	299	143%	1,269	742	527	71%
Federal Excise Tax	<u>(387)</u>	<u>(283)</u>	<u>(104)</u>	37%	<u>(1,097)</u>	<u>(814)</u>	<u>(283)</u>	35%
Net Revenues	<u>\$12,844</u>	<u>\$9,265</u>	<u>\$3,579</u>	39%	<u>\$35,725</u>	<u>\$26,906</u>	<u>\$8,819</u>	33%

Express services revenues continue to increase as a percentage of total revenues, increasing from 24.4% to 29.2% of total revenue for the quarter and from 24.1% to 28.2% year-to-date compared to the same periods of the prior year. Shipments using AirNet's air transportation network were up 4% and 5% for the quarter and year-to-date, respectively. Shipments sent via commercial airlines increased 23% and 36% for the quarter and year-to-date, respectively, and point to point surface shipments increased 34% and 38% for the quarter and year-to-date, respectively. Commercial air and point to point surface shipments generally incur higher courier costs compared to shipments using AirNet's airline. The increase in shipments sent via commercial airlines is principally due to an increase in shipments outside the AirNet airline's scheduled delivery times and locations, which generally results in lower gross margins per shipment than shipments carried on AirNet's airline.

Passenger Charter Services Revenues

In '000's

Revenues	3 months ending September 30, 2004	3 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004	9 months ending September 30, 2004	9 months ending September 30, 2003	% Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004
Passenger Charter Services	\$4,266	\$2,334	\$1,932	83%	\$11,532	\$5,550	\$5,982	108%

Passenger Charter services revenues continue to grow as a percentage of total revenues, as AirNet has invested in additional aircraft to support additional passenger charter demand. Revenues increased from 6.1% to 9.7% of total revenue for the quarter and from 5.0% to 9.1% year-to-date compared to the same periods of the prior year. AirNet increased the number of passenger charter aircraft it operates from seven aircraft (two Learjet 60's and five Learjet 35's) at September 30, 2003 to fourteen (ten Learjet 60's and four Learjet 35's) at September 30, 2004.

Costs and Expenses

In '000's

Costs and Expenses

	3 months ending September 30, 2004	3 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	% Increase (Decrease) 2003 to 2004	9 months ending September 30, 2004	9 months ending September 30, 2003	\$ Increase (Decrease) 2003 to 2004	\$ Increase (Decrease) 2003 to 2004
Wages and benefits	\$6,519	\$6,464	\$55	1%	\$19,521	\$18,823	\$698	4%
Aircraft fuel	7,140	4,655	2,485	53%	18,862	14,548	4,314	30%
Aircraft maintenance	3,567	2,750	817	30%	10,448	9,085	1,363	15%
Contracted air costs	3,540	2,411	1,129	47%	9,738	7,596	2,142	28%
Ground courier	7,465	6,443	1,022	16%	22,494	18,884	3,610	19%
Depreciation	5,638	4,549	1,089	24%	15,577	13,060	2,517	19%
Insurance, rent and landing fees	2,230	2,565	(335)	(13%)	7,432	7,193	239	3%
Travel, training and other	2,276	2,115	161	8%	7,488	6,457	1,031	16%
Selling, general and administrative	3,559	3,846	(287)	(8%)	11,566	11,400	166	2%
Net (gain) loss on disposition of assets	0	(24)	24		289	(6)	295	
	41,934	35,774	6,160	17%	123,415	107,040	16,375	15%
Impairment of assets	42,991	0	42,991		42,991	0	42,991	
Impairment of goodwill	4,018	0	4,018		4,018	0	4,018	
Total costs and expenses	\$88,943	\$35,774	\$53,169		\$170,424	\$107,040	\$63,384	

As operating activities for AirNet's Express and Passenger Charter services continue to increase, total operating costs and expenses increased for both the quarter and year-to-date compared to the same periods of the prior year.

Increases in fuel costs, wages, maintenance and depreciation are attributable, in part, to the expansion of AirNet's Passenger Charter Services. Five aircraft, two of which are managed aircraft, have been added to AirNet's Passenger Charter fleet in the first nine months of 2004. An additional 16 pilots were hired during this nine month period compared to the prior year to support Passenger Charter Services.

Fuel costs increased for both the quarter and year-to-date as a result of increasing fuel prices, additional fuel purchased at higher retail rates at FBO locations outside of the Port Columbus facility, and additional fuel purchases related to the increase in Passenger Charter Services. Fuel costs related to Passenger Charter Services increased by \$615,000 and \$1,305,000, respectively, for the quarter and year-to-date. The increase in fuel costs, net of fuel surcharge, related to AirNet's cargo fleet was approximately \$723,000 and \$1,662,000 for the quarter and year-to-date.

Ground courier costs continue to increase as AirNet serves a broader group of customers outside of AirNet's traditional bank customer. AirNet's growing number of Express customers are more costly to serve than the traditional bank customer due to more unscheduled pickup and delivery services and more geographically dispersed locations. Ground courier costs have risen as Express shipments continue to increase as a proportion of total shipments. The growth rate in shipments transported either exclusively via point to point surface or commercial airlines is increasing as AirNet expands the number of Express customers; a trend Management believes will continue.

Depreciation increased as a result of the addition of five Learjet 60's (acquired in December 2003, January, May and June 2004) to the Passenger Charter fleet since the end of the 2003 fiscal year and continuing reductions to AirNet's estimates of aircraft and engine salvage values.

AirNet recognizes impairment losses on long-lived assets used in operations in accordance with SFAS No.144, "Accounting for the Impairment or Disposal of Long-Lived Assets" (SFAS No. 144). AirNet recognizes impairment losses on long-lived assets used in operations, when events or changes in circumstances indicate, in management's judgment, that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying value of those assets. The net carrying value of the assets not recoverable is reduced to fair market value if lower than carrying value. In determining the fair market value of the assets, AirNet considers market trends, published market data, and recent transactions involving sales of similar assets.

AirNet's long-lived assets used in its cargo operations, consisting primarily of aircraft and spare parts, were determined to be impaired as of September 30, 2004. This determination was made as a result of recent industry trends in the adoption of electronic payment alternatives and evolving alternatives to the physical movement of cancelled checks at a more rapid pace than previously anticipated by the industry. AirNet believes that enactment of the Check 21 Act in October 2004 will contribute to this trend. Furthermore, recent market data and other disclosures by the Federal Reserve confirm the accelerating decline in cancelled check volume. AirNet's cargo airline was originally designed, and continues to operate, primarily to meet the needs of Bank services customers. AirNet believes that its airline capacity will exceed future demand, creating an impairment of the aircraft and related assets. The impairment also reflects the overall decline in the market values of the aircraft in its cargo fleet which have not recovered as in previous economic cycles. AirNet determined that the expected future undiscounted cash flows from its assets used in its cargo operations were less than the carrying value of those assets and were impaired. Accordingly, a non-cash impairment charge of \$43.0 million was recorded as of September 30, 2004, using estimated aircraft fair values. The aircraft fair values used for this purpose are based upon published market sources as of September 30, 2004, which are also used under AirNet's Amended Credit Agreement (See Note 7).

Under SFAS No. 142, "Goodwill and Other Intangible Assets", AirNet evaluates its goodwill for impairment annually, or more frequently if changes in circumstances indicate impairment may have occurred sooner. AirNet determined that as a result of the impairment of its long-lived assets used in its cargo operations, the remaining goodwill assigned to the cargo operations should be evaluated for potential impairment. AirNet evaluates the fair value of its goodwill related to its cargo operations based upon a discounted future cash flow analysis. As a result of the impairment test AirNet determined that its goodwill was impaired and, accordingly, a non-cash impairment charge of \$4.0 million was recorded.

AirNet recognized a net loss on disposition of assets during the nine months ended September 30, 2004. This amount included a loss of approximately \$584,000 related to an accident involving one of its cargo aircraft (net of insurance proceeds of \$2,300,000). In addition, as AirNet continues to adjust its aircraft fleet in response to changing customer needs, AirNet sold seven piston aircraft during the nine months ended September 30, 2004 resulting in a loss on sale of approximately \$114,000. Offsetting these losses was a gain on the sale of an aircraft of approximately \$400,000.

Liquidity and Capital Resources

Cash flow from operating activities. Net cash provided by operating activities was \$14.9 million for the nine months ended September 30, 2004, compared to \$20.4 million for the same period in 2003.

Financing Matters

In June 2004, AirNet entered into an amended and restated term loan and revolving loan facility (collectively, the "Amended Credit Agreement") with its banks. The Amended Credit Agreement provides AirNet with a secured revolving credit facility with up to \$35.0 million available and a secured term loan in the aggregate amount of \$14.0 million. The amount of revolving loans available under the Amended Credit Agreement is further limited to a borrowing base equal to the aggregate of 80% of eligible accounts receivable, plus 50% of eligible inventory, plus 70% of the market value of certain fixed assets, reduced by the aggregate amount of AirNet's outstanding letters of credit. As of September 30, 2004, \$16.0 million and \$12.0 million were outstanding under the secured revolving credit facility and secured term loan, respectively. As of September 30, 2004, AirNet had approximately \$19.0 million available to borrow on its secured revolving loan facility.

The revolving credit facility under the Amended Credit Agreement expires on September 30, 2005 and the secured term loan matures on September 30, 2007. Quarterly principal payments of \$1.0 million are required for the secured term loan beginning in June 2004 and continuing through September 30, 2007. The Amended Credit Agreement is secured by a first lien on all of the property of AirNet and its subsidiaries, other than any interest in real estate and certain excluded fixed assets. The Amended Credit Agreement permits AirNet and its subsidiaries to incur other indebtedness for the purpose of purchasing or refinancing aircraft and related tangible fixed assets, subject to certain annual limitations. AirNet has also pledged the interests in its subsidiaries, and each of AirNet's subsidiaries has guaranteed AirNet's obligations under the Amended Credit Agreement. The Amended Credit Agreement contains limitations on operating leases, indebtedness, significant corporate changes including mergers and sales of assets, investments in subsidiaries and acquisitions, liens, capital expenditures, transactions with affiliates, sales of accounts receivable, sale and leaseback transactions and other off-balance sheet liabilities, contingent obligations and hedging transactions. The Amended Credit Agreement also contains financial covenants that require AirNet to maintain a minimum consolidated tangible net worth and to not exceed fixed charge coverage and leverage ratios specified in the Amended Credit Agreement. As a result of the impairment charge taken in September 2004 as described in Note 2, AirNet was not in compliance with the fixed charge coverage ratio and the leverage ratio calculated as of September 30, 2004, and AirNet would not be in compliance with the minimum consolidated tangible net worth requirement to be calculated as of December 31, 2004 (pursuant to the Amended Credit Agreement, this ratio is calculated annually as of December 31, AirNet's fiscal year-end). Effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a waiver of any defaults or potential defaults under the Amended Credit Agreement which resulted or may have resulted from the non-compliance with the foregoing financial covenants caused by the impairment charge. Additionally, effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a Change in Terms Agreement which modified the foregoing financial covenants so that, on a going-forward basis, the impairment charge does not cause a default or potential default of these financial covenants in the future.

The Amended Credit Agreement bears interest, at AirNet's option, at (a) a fixed rate equal to LIBOR plus a margin determined by AirNet's leverage ratio as defined in the Amended Credit Agreement, or (b) a floating rate based on the greater of the sum of (i) the prime rate established by The Huntington National Bank from time to time plus a margin determined by AirNet's leverage ratio and (ii) the sum of 0.5% plus the federal funds rate in effect from time to time. After the effective date of the Amended Credit Agreement, AirNet paid off its three five-year term loans totaling approximately \$3.4 million incurred during first quarter 2002.

AirNet is negotiating with its banks for the extension of its revolving credit facility. However, there can be no assurance that AirNet will be able to reach agreement with the banks as to such an extension. Management is addressing, and has addressed, its short-term liquidity requirements. AirNet has signed a letter of intent with another lender to finance \$8.5 million of its Rickenbacker facility, which is subject to credit, appraisal and environmental review which are acceptable to the lender.

AirNet continues to aggressively pursue growth and diversification opportunities in several markets. AirNet will continue to analyze strategic alternatives and will consider the use of an investment banker in the development and evaluation of those alternatives.

During the second quarter 2004, AirNet entered into four seven-year term loans totaling \$22.5 million with fixed interest rates of approximately 6.7%. As of September 30, 2004, there was \$22.3 million outstanding on these secured term loans, and the net book value of the aircraft securing the loans totaled approximately \$28.5 million. In July 2004, AirNet financed two additional passenger charter Learjet 60's for the Passenger Charter fleet at \$5.0 million each with fixed rates of approximately 6.5%, for a total of \$32.5 million in financing related to AirNet's Passenger Charter services. Each of the term loans is secured by aircraft used in the Passenger Charter fleet.

Investing activities. Capital expenditures totaled \$43.7 million for the nine months ended September 30, 2004 versus \$13.4 million for the same period in 2003. Of the 2004 expenditures, \$34.2 million was for the purchase of four Learjet 60's dedicated to Passenger Charter services, major periodic aircraft inspections, and major engine overhauls and related flight equipment. AirNet anticipates it will spend between \$48.0 million and \$52.0 million in total capital expenditures in 2004. AirNet anticipates it will continue to acquire aircraft and flight equipment as necessary to maintain growth and continue offering quality service to its customers and will evaluate whether future asset acquisitions should be purchases or leases.

AirNet Systems, Inc. announced a stock repurchase plan in February 2000 allowing AirNet Systems, Inc., to purchase up to \$3.0 million of its common shares. As of the end of the 2001 fiscal year, \$2.4 million of common shares had been repurchased, and there has been no repurchase activity under the plan since. As such, purchases of approximately \$0.6 million of the common shares of AirNet Systems, Inc., may still be made over time in the open market or through privately negotiated transactions. Such future purchases would be considered based on current market conditions, the stock price and funds available for repurchase. AirNet Systems, Inc., acquired 52,410 common shares, outside the repurchase plan, for \$249,996 on January 2, 2003 from former Chairman Gerald Mercer under the terms of his retirement agreement.

AirNet anticipates that operating cash and capital expenditure requirements will continue to be funded by cash flow from operations, cash on hand, borrowings in conjunction with the Amended Credit Agreement or other sources, including leasing. There were no material capital commitments at September 30, 2004, other than the Company's construction of its new office and hangar facility described below.

In anticipation of AirNet's move to its new facility within the Rickenbacker International Airport ("Rickenbacker"), on January 20, 2004, AirNet entered into an agreement to sell its current facility at 3939 International Gateway in Columbus, Ohio (the "Port Columbus Facility") to the Columbus Regional Airport Authority for \$3.9 million. AirNet has retained the right to continue to occupy the Port Columbus Facility until construction and relocation to the new Rickenbacker site (the "Rickenbacker Facility") is complete, which is expected to be the second quarter of 2005.

On January 20, 2004, AirNet entered into a Land Lease with the Columbus Regional Airport Authority to lease approximately 8 acres located within Rickenbacker. Rickenbacker is located in Franklin and Pickaway Counties, Ohio, southeast of Columbus, Ohio, approximately fifteen miles from AirNet's Port Columbus Facility. AirNet is constructing a new corporate and operational headquarters at the Rickenbacker Facility. Construction of the Rickenbacker Facility is anticipated to be completed in the summer of 2005. As of September 30, 2004, \$5.7 million financed using AirNet's revolving credit facility has been invested in the construction of the Rickenbacker facility, with a total estimated cost of \$12.5 million. Upon completion of the Rickenbacker Facility, AirNet's current corporate and operational functions that are conducted at the Port Columbus Facility, and the administrative functions being conducted at 555 Morrison Avenue, will be consolidated at the new Rickenbacker Facility.

There have been no material changes in AirNet's contractual obligations from those disclosed in AirNet System Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2003, except for new debt as disclosed above.

Off-Balance Sheet Arrangements

AirNet has no "off-balance sheet" arrangements as of September 30, 2004, as that term is described by the Securities and Exchange Commission.

Seasonality and Variability in Quarterly Results

AirNet's operations historically have been somewhat seasonal and somewhat dependent on the number of banking holidays falling during the week. Because financial institutions are currently AirNet's principal customers, AirNet's air system is scheduled primarily around the needs of financial institution customers. When financial institutions are closed, AirNet does not operate a full system. AirNet's fiscal quarter ending December 31 is often the most impacted by bank holidays (including Thanksgiving and Christmas) recognized by its primary customers. When these holidays fall on Monday through Thursday, AirNet's revenues and net income are adversely affected. AirNet's annual results fluctuate as well based on when holidays fall during the week over the course of the year. Operating results are also affected by the weather. AirNet generally experiences higher maintenance costs during its fiscal quarter ending March 31. Winter weather often requires additional costs for de-icing, hangar rental and other aircraft services.

Item 3. Quantitative and Qualitative Disclosures About Market Risk

Inflation and Interest Rates

AirNet is exposed to certain market risks from transactions that are entered into during the normal course of business. AirNet's primary market risk exposure relates to interest rate risk. At September 30, 2004, AirNet had a \$28.0 million outstanding balance under its Amended Credit Agreement (described above in "Item 2 – Management's Discussion and Analysis of Financial Condition and Results of Operations") subject to market rate changes in interest. The Amended Credit Agreement bears interest, at AirNet's option, at (a) a fixed rate equal to LIBOR plus a margin determined by AirNet's leverage ratio as defined in the Amended Credit Agreement, or (b) a floating rate based on the greater of the sum of (i) the prime rate established by The Huntington National Bank from time to time plus a margin determined by AirNet's leverage ratio as defined in the Amended Credit Agreement and (ii) the sum of 0.5% plus the federal funds rate in effect from time to time. Assuming borrowing levels at September 30, 2004, a one hundred basis point change in interest rates would impact net interest expense by approximately \$280,000 per year.

Following the effectiveness of the Amended Credit Agreement, AirNet paid off three secured term loans which had been secured by aircraft. One of those loans had an interest rate swap agreement associated with it. This interest rate swap agreement with a notional amount of \$3.0 million and a fixed rate of 4.25% plus a margin based on AirNet's funded debt ratio remains in place. At September 30, 2004, the aggregate fair value of the interest rate swap was approximately (\$28,000).

Fuel Surcharge

AirNet assesses its customers a fuel surcharge which is based on the Oil Price Index Summary – Columbus, Ohio (OPIS-CMH index). As index rates increase above a set threshold, surcharge rates increase. AirNet's fuel surcharge program helps offset timing differences between market prices and the OPIS-CHM index used to determine surcharge rates.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

With the participation of the Chairman of the Board, Chief Executive Officer and President (the principal executive officer) and the Chief Financial Officer, Treasurer and Secretary (the principal financial officer) of AirNet Systems, Inc. (the "Registrant"), the Registrant's management has evaluated the effectiveness of the Registrant's disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the "Exchange Act")) as of the end of the period covered by this Quarterly Report on Form 10-Q. Based upon that evaluation, the Registrant's Chairman of the Board, Chief Executive Officer and President and the Registrant's Chief Financial Officer, Treasurer and Secretary have concluded that:

- information required to be disclosed by the Registrant in this Quarterly Report on Form 10-Q and the other reports which the Registrant files or submits under the Exchange Act would be accumulated and communicated to the Registrant's management, including its principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure;

- information required to be disclosed by the Registrant in this Quarterly Report on Form 10-Q and the other reports which the Registrant files or submits under the Exchange Act would be recorded, processed, summarized and reported within the time period specified in the SEC' s rules and forms; and
- the Registrant' s disclosure controls and procedures are effective as of he end of the period covered by this Quarterly Report on Form 10-Q to ensure that material information relating to
- the Registrant and its consolidated subsidiaries is made known to them, particularly during the period during which this Quarterly Report on Form 10-Q is being prepared.

Changes in Internal Control Over Financial Reporting

In addition, there were no changes that occurred during the fiscal quarter covered by this Quarterly Report on Form 10-Q in the Registrant' s internal control over financialreporting (as defined in Rule 13a -15(f) under the Exchange Act) that have materially affected, or are reasonably likely to materially affect, the Registrant' s internal control over financial reporting.

AIRNET SYSTEMS, INC.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings.

AirNet is currently involved in a compliance audit with the State of California Employment Development Department. AirNet received notification from this department of unreported wages and/or taxes for an audited period. At this time, AirNet is uncertain of the estimated liability related to this audit, but has recognized certain costs associated with this audit.

Other than noted above there are no pending legal proceedings involving AirNet other than routine litigation incidental to its business. In the opinion of AirNet's management, these proceedings should not, individually or in the aggregate, have a material adverse effect on AirNet's results of operations or financial condition.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds and Issuer Purchases of Equity Securities.

(a) Not applicable.

(b) Not applicable.

(c) AirNet Systems, Inc. did not purchase any common shares during the fiscal quarter ended September 30, 2004. On February 18, 2000, AirNet Systems, Inc. announced a stock repurchase plan under which up to \$3.0 million of its common shares may be repurchased from time to time. These repurchases may be made in open market transactions or through privately negotiated transactions. As of September 30, 2004, AirNet Systems, Inc. had the authority to still repurchase approximately \$0.6 million of its common shares under this stock repurchase plan.

Item 3. Defaults Upon Senior Securities. Not Applicable

Item 4. Submission of Matters to a Vote of Security Holders.

As a result of the impairment charge taken in September 2004 as described in Note 2 of the Notes to Condensed Consolidated Financial Statements, AirNet was not in compliance with the fixed charge coverage ratio and the leverage ratio covenants contained in the Amended Credit Agreement with its banks calculated as of September 30, 2004, and AirNet would not be in compliance with the minimum consolidated tangible net worth requirement to be calculated as of December 31, 2004 (pursuant to the Amended Credit Agreement, this ratio is calculated annually as of December 31, AirNet's fiscal year-end). Effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a waiver of any defaults or potential defaults under the Amended Credit Agreement which resulted or may have resulted from the non-compliance with the foregoing financial covenants caused by the impairment charge. Additionally, effective as of November 12, 2004, AirNet and its lenders under the Amended Credit Agreement executed a Change in Terms Agreement which modified the foregoing financial covenants so that, on a going-forward basis, the impairment charge does not cause a default or potential default of these financial covenants in the future.

Item 5. Other Information.

In July 2004 AirNet became aware that some of its employees had received a letter from a union regarding potential union representation. Airnet believes that its relationship with employees is good.

In June 2004 AirNet underwent a Regional Aviation Safety Inspection (RASIP) by a team of FAA inspectors to determine compliance with Federal Aviation Regulations. AirNet filed a response with the FAA, and has recently received a reply to that response noting no certificate action will be taken against AirNet. AirNet is currently evaluating the capital expenditures and labor costs related to compliance with this inspection, and working with the FAA to implement the required changes to AirNet's operating procedures.

Item 6. Exhibits

(a) Exhibits:

Exhibit No.	Description
4.1	Loan and Security Agreement (aircraft) [Loan Number: 1000119495], dated June 15, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.2	Business Purpose Promissory Note (fixed rate/principal and interest) [Loan Number: 1000119495], issued on June 15, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$7,500,000 [Filed herewith]
4.3	Corporate Guaranty [Loan Number: 1000119495], dated as of June 15, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.4	Loan and Security Agreement (aircraft) [Loan Number: 1000119641], dated as of June 30, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.5	Business Purpose Promissory Note (fixed rate/principal and interest) [Loan Number: 1000119641], issued on June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.6	Corporate Guaranty [Loan Number: 1000119641], dated as of June 30, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.7	Acknowledgment of Borrower [Loan Number: 1000119641], dated as of June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.8	Loan and Security Agreement (aircraft) [Loan Number: 1000119649], dated as of June 29, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.9	Business Purpose Promissory Note (fixed rate/principal and interest) [Loan Number: 1000119649], issued on June 29, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.10	Corporate Guaranty [Loan Number: 1000119649], dated as of June 29, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.11	Acknowledgment of Borrower [Loan Number: 1000119649], dated as of June 29, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to PNC Leasing, LLC of "Loan Documents" [Filed herewith]
4.12	Loan and Security Agreement (aircraft) [Loan Number: 1000119650], dated as of June 30, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.13	Business Purpose Promissory Note (fixed rate/principal and interest) [Loan Number: 1000119650], issued on June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.14	Corporate Guaranty [Loan Number: 1000119650], dated as of June 30, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]

4.15	Acknowledgment of Borrower [Loan Number: 1000119650], dated as of June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.16	Loan and Security Agreement (aircraft) [Loan Number: 1000119771], dated as of July 12, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.17	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119771], issued on July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.18	Corporate Guaranty [Loan Number: 1000119771], dated as of July 12, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.19	Acknowledgment of Borrower [Loan Number: 1000119771], dated as of July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.20	Loan and Security Agreement (aircraft) [Loan Number: 1000119774], dated as of July 12, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.21	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119774], issued on July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.22	Corporate Guaranty [Loan Number: 1000119774], dated as of July 12, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.23	Acknowledgment of Borrower [Loan Number: 1000119774], dated as of July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to PNC Leasing, LLC of "Loan Documents" [Filed herewith]
4.24	Waiver Letter, dated as of November 12, 2004, by and among AirNet Systems, Inc., The Huntington National Bank, as agent for and on behalf of the lenders from time to time party thereto, Bank One, N.A., Fifth Third Bank and The Huntington National Bank as a lender and the LC Issuer [Filed herewith]
4.25	Change in Terms Agreement, dated as of November 12, 2004, by and between AirNet Systems, Inc., and The Huntington National Bank, in its capacity as administrative agent for and on behalf of the Lenders from time to time party to the Amended Credit Agreement dated May 28, 2004 [Filed herewith]
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer) [Filed herewith]
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer) [Filed herewith]
32.1	Section 1350 Certification (Principal Executive Officer) [Filed herewith]
32.2	Section 1350 Certification (Principal Financial Officer) [Filed herewith]

(b) Reports on Form 8-K:

On November 5, 2004, AirNet Systems Inc. (the "Registrant") filed a Current Report on Form 8-K, dated November 5, 2004, reporting under Item 2.06 Material Impairments, that due to changing conditions in AirNet's Bank services business and recent industry trends, AirNet believes those factors will cause its cargo airline capacity to exceed future demand, creating an impairment of aircraft and related assets. In response, AirNet has incurred a non-cash impairment charge of \$47.0 million (pretax) which will be reported in the third quarter of 2004. A copy of the press release was attached to the filing.

AIRNET SYSTEMS, INC.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: November 15, 2004

By: /s/ Gary W. Qualmann
Gary W. Qualmann,
Chief Financial Officer, Treasurer and Secretary
(Duly Authorized Officer)
(Principal Financial Officer)

Dated: November 15, 2004

By: /s/ Denise D. Brown
Denise D. Brown,
Controller
(Duly Authorized Officer)
(Principal Accounting Officer)

AIRNET SYSTEMS, INC.

INDEX TO EXHIBITS

Exhibit No. _____ Description _____

4.1	Loan and Security Agreement (aircraft) [Loan Number: 1000119495], dated June 15, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.2	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119495], issued on June 15, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$7,500,000 [Filed herewith]
4.3	Corporate Guaranty [Loan Number: 1000119495], dated as of June 15, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.4	Loan and Security Agreement (aircraft) [Loan Number: 1000119641], dated as of June 30, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.5	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119641], issued on June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.6	Corporate Guaranty [Loan Number: 1000119641], dated as of June 30, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.7	Acknowledgment of Borrower [Loan Number: 1000119641], dated as of June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.8	Loan and Security Agreement (aircraft) [Loan Number: 1000119649], dated as of June 29, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.9	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119649], issued on June 29, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.10	Corporate Guaranty [Loan Number: 1000119649], dated as of June 29, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.11	Acknowledgment of Borrower [Loan Number: 1000119649], dated as of June 29, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to PNC Leasing, LLC of "Loan Documents" [Filed herewith]
4.12	Loan and Security Agreement (aircraft) [Loan Number: 1000119650], dated as of June 30, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.13	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119650], issued on June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.14	Corporate Guaranty [Loan Number: 1000119650], dated as of June 30, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.15	Acknowledgment of Borrower [Loan Number: 1000119650], dated as of June 30, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.16	Loan and Security Agreement (aircraft) [Loan Number: 1000119771], dated as of July 12, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.17	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119771], issued on July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.18	Corporate Guaranty [Loan Number: 1000119771], dated as of July 12, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]

4.19	Acknowledgment of Borrower [Loan Number: 1000119771], dated as of July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to First Union Commercial Corporation of "Loan Documents" [Filed herewith]
4.20	Loan and Security Agreement (aircraft) [Loan Number: 1000119774], dated as of July 12, 2004, between Banc One Leasing Corporation and Jetride, Inc. [Filed herewith]
4.21	Business Purpose Promissory Note (fixed rate//principal and interest) [Loan Number: 1000119774], issued on July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation in the amount of \$5,000,000 [Filed herewith]
4.22	Corporate Guaranty [Loan Number: 1000119774], dated as of July 12, 2004, from AirNet Systems, Inc. in favor of Banc One Leasing Corporation [Filed herewith]
4.23	Acknowledgment of Borrower [Loan Number: 1000119774], dated as of July 12, 2004, by Jetride, Inc. in favor of Banc One Leasing Corporation acknowledging sale and assignment by Banc One Leasing Corporation to PNC Leasing, LLC of "Loan Documents" [Filed herewith]
4.24	Waiver Letter, dated as of November 12, 2004, by and among AirNet Systems, Inc., The Huntington National Bank, as agent for and on behalf of the lenders from time to time party thereto, Bank One, N.A., Fifth Third Bank and The Huntington National Bank as a lender and the LC Issuer [Filed herewith]
4.25	Change in Terms Agreement, dated as of November 12, 2004, by and between AirNet Systems, Inc., and The Huntington National Bank, in its capacity as administrative agent for and on behalf of the Lenders from time to time party to the Amended Credit Agreement dated May 28, 2004 [Filed herewith]
31.1	Rule 13a-14(a)/15d-14(a) Certification (Principal Executive Officer) [Filed herewith]
31.2	Rule 13a-14(a)/15d-14(a) Certification (Principal Financial Officer) [Filed herewith]
32.1	Section 1350 Certification (Principal Executive Officer) [Filed herewith]
32.2	Section 1350 Certification (Principal Financial Officer) [Filed herewith]

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119495**

This Agreement is dated as of June 15, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC.

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 19 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, Canada, Mexico or the Caribbean, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any calendar year. Lender has the right upon reasonable notice to Borrower to inspect the Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the

normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 19 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 19 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

(a) Lender may require Borrower to turnover any and all Collateral to Lender.

(b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.

(c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.

(d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.

(e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.

(f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of

Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, with Borrower's consent, which consent shall not be unreasonably withheld, may sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. If Borrower has consented to a transfer of a security interest in all or part of the Collateral, Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or

unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

24. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

25. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Jaqueline M. Walls

Title: Financing Manager

Acceptance Date: June 15, 2004

SCHEDULE A-1

Loan No. **1000119495**

Financed Amount: **\$7,500,000.00**

DESCRIPTION OF EQUIPMENT

Equipment Cost: \$1,200,000.00
Airframe Make/Model: GATES LEARJET CORPORATION 35A
Airframe Serial No.: 273
U.S. Identification No.: N273LJ
Engine Quantity/Make/Model: 2 GARRET ENGINES TFE 731-2-213
Engine Serial No(s): P74737 AND P74845

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or **more** rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Birmingham Airport, 5900 Airport Highway, Birmingham, Jefferson, AL 35212

Name of Airport and Street Address City County State

DESCRIPTION OF EQUIPMENT

Equipment Cost: \$1,275,000.00
Airframe Make/Model: GATES LEARJET CORPORATION 35A
Airframe Serial No.: 357
U.S. Identification No.: N357LJ
Engine Quantity/Make/Model: 2 HONEYWELL TFE 731-2-2B
Engine Serial No(s): P74929 AND P74930

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or **more** rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Bedford Airport, 200 Hanscom Drive, Bedford, Middlesex, MA 01730
Name of Airport and Street Address City County State

DESCRIPTION OF EQUIPMENT

Equipment Cost: \$1,200,000.00
Airframe Make/Model: GATES LEARJET CORPORATION 35A
Airframe Serial No.: 381
U.S. Identification No.: N35NA
Engine Quantity/Make/Model: 2 ALLIED SIGNAL TFE 731-2-2B
Engine Serial No(s): P74984 AND P74970

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or **more** rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Lancaster Airport, 500 Airport Road, Lititz, Lancaster, PA 17543
Name of Airport and Street Address City County State

DESCRIPTION OF EQUIPMENT

Equipment Cost: \$3,825,000.00
Airframe Make/Model: LEARJET INC. 60
Airframe Serial No.: 099
U.S. Identification No.: N60AN
Engine Quantity/Make/Model: 2 PRATT & WHITNEY 305A
Engine Serial No(s): PCE-CA0028 AND PCE-CA0032

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or **more** rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Lancaster Airport, 500 Airport Road, Lititz, Lancaster, PA 17543
Name of Airport and Street Address City County State

This Schedule A-1 is attached to, and made a part of, the Loan Agreement and Security Agreement with the Loan Number referenced above and contains a true and accurate description of the Equipment.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. 1000119495

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3

AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

1. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
2. The certificate of insurance must be executed.
3. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
4. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
5. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
6. PHYSICAL DAMAGE
 - a. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$7,500,000.00.
 - b. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - c. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - d. War Risk Endorsement in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.

THANK YOU.

Sincerely,
JETRIDE, INC.

/s/ Gary W. Qualmann
(By)
1000119495
(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119495**

Amount **\$7,500,000.00**

Date: June 15, 2004

This Note is executed together with the Loan and Security Agreement dated as of June 15, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Seven Million Five Hundred Thousand and 00/100ths Dollars (\$7,500,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redissembment. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Seventy-Four Hundredths percent (6.74%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:
 - (a) Base Term: **84 months**
 - (b) Amount of each installment payment due during the Base Term (includes principal and interest):

83 Monthly Payments @ \$77,184.62
1 Monthly Payment @ \$3,827,184.62
 - (c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.
4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC.

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119495, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$7,500,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are reincurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, same of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: June 15, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon
Witness as to signature

By: /s/ Gary W. Qualmann

/s/ John Gordon
Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119641**

This Agreement is dated as of June 30, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC.

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 20 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any calendar year. The Equipment shall not be operated within, over or into any jurisdiction not covered by the insurance policies required herein nor shall the Equipment be operated in any jurisdiction that does not have diplomatic relations with the United States. Lender has the right upon reasonable notice to Borrower to inspect the

Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 20 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 20 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

- (a) Lender may require Borrower to turnover any and all Collateral to Lender.
- (b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.
- (c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.
- (d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.
- (e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.
- (f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of

Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, may, upon ten (10) days' prior written notice to Borrower, with or without consent of Borrower, sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or

unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

24. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

25. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Stacy R. Roth

Title: Financing Manager

Acceptance Date: June 30, 2004

SCHEDULE A-1

Loan No. 1000119641

Financed Amount: \$5,000,000.00

DESCRIPTION OF EQUIPMENT

Airframe Make/Model:	LEARJET INC. MODEL 60
Airframe Serial No.:	124
U.S. Identification No.:	N260AN
Engine Quantity/Make/Model:	2 PRATT & WHITNEY 305A
Engine Serial No(s).:	PCE-CA0083 AND PCE-CA0086

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or more rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Lancaster Airport, 500 Airport Road, Lititz, Lancaster, PA 17543
Name of Airport and Street Address City County State

This Schedule A-1 is attached to, and made a part of, the Loan and Security Agreement with the Loan Number referenced above and contains a true and accurate description of the Equipment.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. 1000119641

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3
AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

7. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
 8. The certificate of insurance must be executed.
 9. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
 10. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 11. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
 12. PHYSICAL DAMAGE
 - e. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$5,000,000.00.
 - f. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - g. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - h. War Risk Endorsement, which shall include hijacking and terrorism, in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.
7. The certificate of insurance shall evidence liability coverage in the minimum amount of \$50 million.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

**PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.
THANK YOU.**

Sincerely,
JETRIDE, INC.

/s/ Gary W. Qualmann
(By)
1000119641
(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119641**

Amount **\$5,000,000.00**
2004

Date: **June 30,**

This Note is executed together with the Loan and Security Agreement dated as of June 30, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Five Million and 00/100ths Dollars (\$5,000,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redissembment. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Seventy Hundredths percent (6.70%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:
 - (a) Base Term: **84 months**
 - (b) Amount of each installment payment due during the Base Term (includes principal and interest):

83 Monthly Payments @ \$51,324.29
1 Monthly Payment @ \$2,551,324.29
 - (c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.
4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC.
("Borrower")

/s/ John Gordon
Witness as to Borrower's signature

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC.

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119641, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$5,000,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are incurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) audited annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, same of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: June 30, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon
Witness as to signature

By: /s/ Gary W. Qualmann

/s/ John Gordon
Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Acknowledgment of Borrower**

This Acknowledgment of Borrower ("Acknowledgment") is made as of the 30th day of June, 2004 by Borrower in favor of Banc One Leasing Corporation ("Lender") and the Buyer.

"Borrower" means: JETRIDE, INC

"Buyer" means: FIRST UNION COMMERCIAL CORPORATION

"Loan Documents" means, collectively, the Loan Documents identified below, together with all exhibits, schedules, addenda and attachments thereto, all of which are made by Borrower in favor of Lender and the Corporate Guaranty dated as of June 30, 2004 from AirNet Systems, Inc. (the "Guarantor") in favor of Lender (the "Guarantee"):

For Lender's Loan #1000119641, the Loan and Security Agreement dated as of June 30, 2004 (the "Loan and Security Agreement") between Lender, as lender, and Borrower, as borrower, and the same agreement as filed with the Federal Aviation Administration on June 30, 2004, together with the Business Purpose Promissory Note dated as of June 30, 2004 (the "Note") in the original principal amount of \$5,000,000.00 made by Borrower in favor of Lender.

1. Borrower and Guarantor acknowledge and consent to the sale and assignment by Lender to Buyer of all of Lender's present and future right, title and interest in, to and under the Loan Documents, including, without limitation, the right to receive all installment payments payable under the Loan Documents and all other monies from time to time payable under the Loan Documents (all such amounts referred to as "Monies"), and all rights, benefits and remedies of Lender under the Loan Documents. Borrower also acknowledges and consents to the assignment of Lender's security interest in the Equipment to Buyer.

2. Borrower agrees to pay all Monies directly to Buyer at the address set forth below or at such address, as Buyer shall direct.

If by wire transfer:

Bank Name: Wachovia Bank, N.A.
ABA: 0530900219
Account #: 2000001099827
Account Name: First Union Commercial Corporation
Attn: Lynn Brand

If by check remit payment to the following address:

First Union Commercial Corporation
P.O. Box 60191
Charlotte, NC 28260

3. Borrower agrees that, as of the date first written above, the following information about the Loan Documents is true, accurate and complete:

Commencement Date: July 1, 2004

Frequency of Installment Payments: Monthly, in arrears

Number of Installment Payments Remaining: Eighty-Four (84)

Amount of Each Installment Payment: Eighty-Three (83) installment payments of \$51,324.29 each, followed by One (1) final installment payment of \$2,551,324.29 due and payable June July 1, 2011

Each Installment Payment (**initial one**): x Principal and Interest _____ Principal Only

Next Installment Payment Due: and payable to Buyer, August 1, 2004

4. Borrower and the Guarantor acknowledge receipt of this Acknowledgment and confirm and agree to the following: (a) the Loan Documents and the Guarantee (with all signatures thereon) are genuine, are in full force and effect and are valid and legally binding agreements of Borrower or the Guarantor (as applicable), enforceable by Buyer against Borrower or the Guarantor (as applicable) in accordance with their terms except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and general equitable principles; (b) there has been no prepayment with respect to the Note; (c) all dates, amounts, equipment descriptions and other facts stated in the Loan Documents are correct; (d) the Equipment is in Borrower's possession and control at the address shown in the Loan Documents and has been irrevocably accepted by Borrower for all purposes of the Loan Documents; (e) other than the Loan Documents and the Guarantee, there are no agreements, oral or written, between Lender and Borrower relating to the Equipment or its financing and the Loan Documents constitute the entire agreement between Borrower and Lender relating to the Equipment and its financing; (f) Borrower is not in default under the Loan Documents; (g) neither Borrower nor the Guarantor has previously received any notice that any or all of the Loan Documents have been assigned by Lender to any party other than Buyer; and (h) neither the Guarantor nor Borrower has any right of offset, defense or counterclaim to any of its obligations under the Loan Documents or Guarantee (as applicable).

5. The Guarantor acknowledges and agrees that the Guarantee remains in full force and effect notwithstanding the assignment to Buyer.

6. Borrower and the Guarantor acknowledge and agree that (a) Borrower and Guarantor will deal exclusively with respect to the Note with Buyer, and Borrower and the Guarantor will deliver all payments and copies of all notices and other communications given or made by Borrower and/or Guarantor with respect to the Loan Documents to Buyer at the address listed below its signature block hereto, (b) so far as enforcement of the Note is concerned, notwithstanding the existence of other promissory notes issued under the Loan and Security Agreement, the Note is separate and severable and Buyer may take enforcement action independently of other financing parties having an interest in the Loan Documents and other promissory notes not included in the Note, (c) the collateral set forth in the Loan and Security Agreement secures the obligations of Borrower pursuant to the Note separately, and Buyer may exercise all rights and remedies available to it with respect to such collateral independently of other financing parties having an interest in the Loan and Security Agreement and in other promissory notes not included in the Note, and (d) Borrower and the Guarantor will execute such other instruments and take such actions as Buyer reasonably may require to further confirm the sale, assignment and transfer by Lender to Buyer.

7. All representations and duties of Lender intended to induce Borrower and the Guarantor to enter into the Loan Documents and the Guarantee (as applicable), whether required by the Loan Documents, the Guarantee or otherwise, have been fulfilled and the original principal amount of the Note has been advanced by Lender to Borrower.

Borrower: JETRIDE, INC.

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Borrower's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Guarantor: AIRNET SYSTEMS, INC.

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Guarantor's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Accepted By:

LENDER:

Banc One Leasing Corporation

By: _____

Title: _____

BUYER:

First Union Commercial Corporation

By: _____

Address: First Union Commercial Corporation
One Wachovia Center
Mail Code NC0738
Charlotte, NC 28288-0738
Attention: Linda Minter
Telephone: (704) 374-4900
Telecopy: (704) 374-3241

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119649**

This Agreement is dated as of June 29, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 20 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any calendar year. The Equipment shall not be operated within, over or into any jurisdiction not covered by the insurance policies required herein nor shall the Equipment be operated in any jurisdiction that does not have diplomatic relations with the United States. Lender has the right upon reasonable notice to Borrower to inspect the Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the

normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 20 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of

Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 20 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability

to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

(a) Lender may require Borrower to turnover any and all Collateral to Lender.

(b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.

(c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.

(d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.

(e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.

(f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or

release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, may, upon ten (10) days' prior written notice to Borrower, with or without consent of Borrower, sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

24. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

25. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC. dba AIRNET PRIVATE
CHARTERS
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Stacy R. Roth

Title: Financing Manager

Acceptance Date: June 29, 2004

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. **1000119649**

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3
AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

13. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
 14. The certificate of insurance must be executed.
 15. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
 16. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 17. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
 18. PHYSICAL DAMAGE
 - i. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$5,000,000.00.
 - j. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - k. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - l. War Risk Endorsement, which shall include hijacking and terrorism, in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.
7. The certificate of insurance shall evidence liability coverage in the minimum amount of \$50 million.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

**PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.
THANK YOU.**

Sincerely,
JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

/s/ Gary W. Qualmann
(By)
1000119649
(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119649**

Amount **\$5,000,000.00**
2004

Date: June 29,

This Note is executed together with the Loan and Security Agreement dated as of June 29, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Five Million and 00/100ths Dollars (\$5,000,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redissembment. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Seventy Hundredths percent (6.70%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:
 - (a) Base Term: **84 months**
 - (b) Amount of each installment payment due during the Base Term (includes principal and interest):

83 Monthly Payments @ \$51,324.29
1 Monthly Payment @ \$2,551,324.29
 - (c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.
4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS
("Borrower")

/s/ John Gordon
Witness as to Borrower's signature

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119649, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$5,000,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are reincurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) audited annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, same of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: June 29, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon
Witness as to signature

By: /s/ Gary W. Qualmann

/s/ John Gordon
Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Acknowledgment of Borrower**

This Acknowledgment of Borrower ("Acknowledgment") is made as of the 29th day of June, 2004 by Borrower in favor of Banc One Leasing Corporation ("Lender") and the Buyer.

"Borrower" means: JETRIDE, INC. DBA AIRNET PRIVATE CHARTERS

"Buyer" means: PNC LEASING, LLC

"Loan Documents" means, collectively, the Loan Documents identified below, together with all exhibits, schedules, addenda and attachments thereto, all of which are made by Borrower in favor of Lender and the Corporate Guaranty dated as of June 29, 2004 from AirNet Systems, Inc. (the "Guarantor") in favor of Lender (the "Guarantee"):

For Lender's Loan #1000119649, the Loan and Security Agreement dated as of June 29, 2004 between Lender, as lender, and Borrower, as borrower, as filed with the Federal Aviation Administration on June 29, 2004 at 3:23 p.m. CDT, together with the Business Purpose Promissory Note dated as of June 29, 2004 in the original principal amount of \$5,000,000.00 made by Borrower in favor of Lender.

1. Borrower and Guarantor acknowledge and consent to the sale and assignment by Lender to Buyer of all of Lender's present and future right, title and interest in, to and under the Loan Documents, including, without limitation, the right to receive all installment payments payable under the Loan Documents and all other monies from time to time payable under the Loan Documents (all such amounts referred to as "Monies"), and all rights, benefits and remedies of Lender under the Loan Documents. Borrower also acknowledges and consents to the assignment of Lender's security interest in the Equipment to Buyer.
2. Borrower agrees to pay all Monies directly to Buyer at the address set forth below or at such address, as Buyer shall direct.

If by wire transfer:

Bank Name:	PNC Bank, N.A
ABA:	043 000 096
Account #:	1009600189
Account Name:	PNC Leasing, LLC
Attn:	Leasing Accounting

If by check remit payment to the following address:

PNC Leasing, LLC
P.O. Box 640306
Pittsburgh, PA 15264-0306

3. Borrower agrees that, as of the date first written above, the following information about the Loan Documents is true, accurate and complete:

Frequency of Installment Payments: Monthly, in arrears
Number of Installment Payments Remaining: Eighty-Four (84)
Amount of Each Installment Payment: Eighty-Three (83) installment payments of \$51,324.29 each, followed by One (1) final installment payment of \$2,551,324.29, due and payable July 11, 2011
Each Installment Payment (**initial one**): x Principal and Interest _____ Principal Only
Next Installment Payment Due: and payable to Buyer, August 1, 2004

4. Borrower represents that: (a) the Loan Documents (with all signatures thereon) are genuine, are in full force and effect and are valid and legally binding agreements of Borrower, enforceable by Buyer against Borrower in accordance with their terms except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and general equitable principles; (b) all dates, amounts, equipment descriptions

and other facts stated in the Loan Documents are correct; (c) the Equipment is in Borrower's possession and control at the address shown in the Loan Documents and has been irrevocably accepted by Borrower for all purposes of the Loan Documents; (d) other than the Loan Documents, there are no agreements, oral or written, between Lender and Borrower relating to the Equipment or its financing and the Loan Documents constitute the entire agreement between Borrower and Lender relating to the Equipment and its financing; (e) Borrower is not in default under the Loan Documents; (f) Borrower has not previously received any notice that any or all of the Loan Documents have been assigned by Lender to any party other than Buyer; and (g) Borrower has no right of offset, defense or counterclaim to any of its obligations under the Loan Documents.

5. The Guarantor represents and warrants that its Guarantee is in full force and effect.

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

By: /s/ Gary W. Qualmann

3939 International Gateway
(Borrower's Street Address)

Title: CFO

Columbus, Ohio 43219
(City, State, Zip Code)

Guarantor: AIRNET SYSTEMS, INC.

By: /s/ Gary W. Qualmann

3939 International Gateway
(Guarantor's Street Address)

Title: CFO

Columbus, Ohio 43219
(City, State, Zip Code)

Accepted By:

LENDER:

Banc One Leasing Corporation

By: /s/ Diana N. Sadler

Title: VP

BUYER:

PNC Leasing, LLC

By: /s/ M J Colangelo

Title: VP

Address: 2 PNC Plaza, 620 Liberty Avenue, Pittsburgh, PA 15222

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119650**

This Agreement is dated as of June 30, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC.

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 20 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any

calendar year. The Equipment shall not be operated within, over or into any jurisdiction not covered by the insurance policies required herein nor shall the Equipment be operated in any jurisdiction that does not have diplomatic relations with the United States. Lender has the right upon reasonable notice to Borrower to inspect the Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 20 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 20 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's

request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

(a) Lender may require Borrower to turnover any and all Collateral to Lender.

(b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.

(c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.

(d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.

(e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.

(f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification.

None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, may, upon ten (10) days' prior written notice to Borrower, with or without consent of Borrower, sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or

unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

24. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

25. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Stacy R. Roth

Title: Financing Manager

Acceptance Date: June 30, 2004

SCHEDULE A-1

Loan No. 1000119650

Financed Amount: \$5,000,000.00

DESCRIPTION OF EQUIPMENT

Airframe Make/Model: LEARJET INC. MODEL 60
Airframe Serial No.: 126
U.S. Identification No.: N160AN
Engine Quantity/Make/Model: 2 PRATT & WHITNEY 305A
Engine Serial No(s).: PCE-CA0088 AND PCE-CA0089

Together with all engines, propellers, avionics, communication equipment, navigation equipment, instruments, accessories, attachments, parts, appurtenances, accessions, furnishings and other equipment attached to, installed in or relating to any of the foregoing property and all maintenance and service logs and records relating to the foregoing property.

Each engine has 750 or more rated takeoff horsepower or the equivalent of such horsepower.

The Equipment shall be based at the following location:

Birmingham Airport, 5900 Airport Highway, Birmingham, Jefferson, AL 35212
Name of Airport and Street Address City County State

This Schedule A-1 is attached to, and made a part of, the Loan and Security Agreement with the Loan Number referenced above and contains a true and accurate description of the Equipment.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. 1000119650

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC.
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3
AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

19. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
20. The certificate of insurance must be executed.
21. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
22. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
23. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
24. PHYSICAL DAMAGE
 - m. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$5,000,000.00.
 - n. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - o. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - p. War Risk Endorsement, which shall include hijacking and terrorism, in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.
7. The certificate of insurance shall evidence liability coverage in the minimum amount of \$50 million.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

**PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.
THANK YOU.**

Sincerely,
JETRIDE, INC.

/s/ Gary W. Qualmann
(By)
1000119650
(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119650**

Amount **\$5,000,000.00**
2004

Date: June 30,

This Note is executed together with the Loan and Security Agreement dated as of June 30, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Five Million and 00/100ths Dollars (\$5,000,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redispbursement. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Seventy Hundredths percent (6.70%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:

(a) Base Term: **84 months**

(b) Amount of each installment payment due during the Base Term (includes principal and interest):

83 Monthly Payments @ \$51,324.29
1 Monthly Payment @ \$2,551,324.29

(c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.

4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC.
("Borrower")

/s/ John Gordon
Witness as to Borrower's signature

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC.

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119650, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$5,000,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are reincurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full

force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) audited annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, same of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: June 30, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon
Witness as to signature

By: /s/ Gary W. Qualmann

/s/ John Gordon
Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Acknowledgment of Borrower**

This Acknowledgment of Borrower ("Acknowledgment") is made as of the 30th day of June, 2004 by Borrower in favor of Banc One Leasing Corporation ("Lender") and the Buyer.

"Borrower" means: JETRIDE, INC

"Buyer" means: FIRST UNION COMMERCIAL CORPORATION

"Loan Documents" means, collectively, the Loan Documents identified below, together with all exhibits, schedules, addenda and attachments thereto, all of which are made by Borrower in favor of Lender and the Corporate Guaranty dated as of June 30, 2004 from AirNet Systems, Inc. (the "Guarantor") in favor of Lender (the "Guarantee"):

For Lender's Loan #1000119650, the Loan and Security Agreement dated as of June 30, 2004 (the "Loan and Security Agreement") between Lender, as lender, and Borrower, as borrower, as filed with the Federal Aviation Administration on June 30, 2004, together with the Business Purpose Promissory Note dated as of June 30, 2004 (the "Note") in the original principal amount of \$5,000,000.00 made by Borrower in favor of Lender.

1. Borrower and Guarantor acknowledge and consent to the sale and assignment by Lender to Buyer of all of Lender's present and future right, title and interest in, to and under the Loan Documents, including, without limitation, the right to receive all installment payments payable under the Loan Documents and all other monies from time to time payable under the Loan Documents (all such amounts referred to as "Monies"), and all rights, benefits and remedies of Lender under the Loan Documents. Borrower also acknowledges and consents to the assignment of Lender's security interest in the Equipment to Buyer.

2. Borrower agrees to pay all Monies directly to Buyer at the address set forth below or at such address, as Buyer shall direct.

If by wire transfer:

Bank Name: Wachovia Bank, N.A.
ABA: 0530900219
Account #: 2000001099827
Account Name: First Union Commercial Corporation
Attn: Lynn Brand

If by check remit payment to the following address:

First Union Commercial Corporation
P.O. Box 60191
Charlotte, NC 28260

3. Borrower agrees that, as of the date first written above, the following information about the Loan Documents is true, accurate and complete:

Commencement Date: July 1, 2004
Frequency of Installment Payments: Monthly, in arrears
Number of Installment Payments Remaining: Eighty-Four (84)
Amount of Each Installment Payment: Eighty-Three (83) installment payments of \$51,324.29 each, followed by One (1) final installment payment of \$2,551,324.29 due and payable June July 1, 2011
Each Installment Payment (**initial one**): x Principal and Interest _____ Principal Only
Next Installment Payment Due: and payable to Buyer, August 1, 2004

4. Borrower and the Guarantor acknowledge receipt of this Acknowledgment and confirm and agree to the following: (a) the Loan Documents and the Guarantee (with all signatures thereon) are genuine, are in full force and effect and are valid and legally binding agreements of Borrower or the Guarantor (as applicable), enforceable by Buyer against Borrower or the Guarantor (as applicable) in accordance with their terms except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and general equitable principles; (b) there has been no prepayment with respect to the Note; (c) all dates, amounts, equipment descriptions and other facts stated in the Loan Documents are correct; (d) the Equipment is in Borrower's possession and control at the address shown in the Loan Documents and has been irrevocably accepted by Borrower for all purposes of the Loan Documents; (e) other than the Loan Documents and the Guarantee, there are no agreements, oral or written, between Lender and Borrower relating to the Equipment or its financing and the Loan Documents constitute the entire agreement between Borrower and Lender relating to the Equipment and its financing; (f) Borrower is not in default under the Loan Documents; (g) neither Borrower nor the Guarantor has previously received any notice that any or all of the Loan Documents have been assigned by Lender to any party other than Buyer; and (h) neither the Guarantor nor Borrower has any right of offset, defense or counterclaim to any of its obligations under the Loan Documents or Guarantee (as applicable).

5. The Guarantor acknowledges and agrees that the Guarantee remains in full force and effect notwithstanding the assignment to Buyer.

8. Borrower and the Guarantor acknowledge and agree that (a) Borrower and Guarantor will deal exclusively with respect to the Note with Buyer, and Borrower and the Guarantor will deliver all payments and copies of all notices and other communications given or made by Borrower and/or Guarantor with respect to the Loan Documents to Buyer at the address listed below its signature block hereto, (b) so far as enforcement of the Note is concerned, notwithstanding the existence of other promissory notes issued under the Loan and Security Agreement, the Note is separate and severable and Buyer may take enforcement action independently of other financing parties having an interest in the Loan Documents and other promissory notes not included in the Note, (c) the collateral set forth in the Loan and Security Agreement secures the obligations of Borrower pursuant to the Note separately, and Buyer may exercise all rights and remedies available to it with respect to such collateral independently of other financing parties having an interest in the Loan and Security Agreement and in other promissory notes not included in the Note, and (d) Borrower and the Guarantor will execute such other instruments and take such actions as Buyer reasonably may require to further confirm the sale, assignment and transfer by Lender to Buyer.

9. All representations and duties of Lender intended to induce Borrower and the Guarantor to enter into the Loan Documents and the Guarantee (as applicable), whether required by the Loan Documents, the Guarantee or otherwise, have been fulfilled and the original principal amount of the Note has been advanced by Lender to Borrower.

Borrower: JETRIDE, INC.

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Borrower's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Guarantor: AIRNET SYSTEMS, INC.

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Guarantor's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Accepted By:

LENDER:

Banc One Leasing Corporation

By: _____

Title: _____

BUYER:

First Union Commercial Corporation

By: _____

Title: _____

Address: First Union Commercial Corporation
One Wachovia Center
Mail Code NC0738
Charlotte, NC 28288-0738
Attention: Linda Minter
Telephone: (704) 374-4900
Telecopy: (704) 374-3241

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119771**

This Agreement is dated as of July 12, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 20 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any calendar year. The Equipment shall not be operated within, over or into any jurisdiction not covered by the insurance policies required herein nor shall the Equipment be operated in any jurisdiction that does not have diplomatic relations with the United States. Lender has the right upon reasonable notice to Borrower to inspect the Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the

normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 20 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal

year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 20 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material

respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

(a) Lender may require Borrower to turnover any and all Collateral to Lender.

(b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.

(c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.

(d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.

(e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.

(f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right. After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to

the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, may, upon ten (10) days' prior written notice to Borrower, with or without consent of Borrower, sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

25. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

26. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC. dba AIRNET PRIVATE
CHARTERS
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Jaqueline M. Walls

Title: Financing Manager

Acceptance Date: July 12, 2004

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. **1000119771**

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3
AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

25. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
26. The certificate of insurance must be executed.
27. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
28. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
29. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
30. PHYSICAL DAMAGE
 - q. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$5,000,000.00.
 - r. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - s. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - t. War Risk Endorsement, which shall include hijacking and terrorism, in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.
7. The certificate of insurance shall evidence liability coverage in the minimum amount of \$50 million.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

**PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.
THANK YOU.**

Sincerely,
JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

/s/ Gary W. Qualmann
(By)
1000119771
(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119771**

Amount **\$5,000,000.00**
2004

Date: July 12,

This Note is executed together with the Loan and Security Agreement dated as of July 12, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Five Million and 00/100ths Dollars (\$5,000,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redispbursement. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Fifty Hundredths percent (6.50%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:

(a) Base Term: **84 months**

(b) Amount of each installment payment due during the Base Term (includes principal and interest):

**83 Monthly Payments @ \$50,665.26
1 Monthly Payment @ \$2,550,665.26**

(c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.

4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS
("Borrower")

/s/ John Gordon
Witness as to Borrower's signature

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119771, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$5,000,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are reincurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full

force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) audited annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, same of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: July 12, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon
Witness as to signature

By: /s/ Gary W. Qualmann

/s/ John Gordon
Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Acknowledgment of Borrower**

This Acknowledgment of Borrower ("Acknowledgment") is made as of the 12th day of July, 2004 by Borrower in favor of Banc One Leasing Corporation ("Lender") and the Buyer.

"Borrower" means: **JETRIDE, INC. DBA AIRNET PRIVATE CHARTERS**_____

"Buyer" means: **FIRST UNION COMMERCIAL CORPORATION**_____

"Loan Documents" means, collectively, the Loan Documents identified below, together with all exhibits, schedules, addenda and attachments thereto, all of which are made by Borrower in favor of Lender and the Corporate Guaranty dated as of July 12, 2004 from AirNet Systems, Inc. (the "Guarantor") in favor of Lender (the "Guarantee"):

For Lender's Loan #1000119771, the Loan and Security Agreement dated as of July 12, 2004 (the "Loan and Security Agreement") between Lender, as lender, and Borrower, as borrower, and the same agreement as filed with the Federal Aviation Administration together with the Business Purpose Promissory Note dated as of July 12, 2004 (the "Note") in the original principal amount of \$5,000,000.00 made by Borrower in favor of Lender.

1. Borrower and Guarantor acknowledge and consent to the sale and assignment by Lender to Buyer of all of Lender's present and future right, title and interest in, to and under the Loan Documents, including, without limitation, the right to receive all installment payments payable under the Loan Documents and all other monies from time to time payable under the Loan Documents (all such amounts referred to as "Monies"), and all rights, benefits and remedies of Lender under the Loan Documents. Borrower also acknowledges and consents to the assignment of Lender's security interest in the Equipment to Buyer.

2. Borrower agrees to pay all Monies directly to Buyer at the address set forth below or at such address, as Buyer shall direct.

If by wire transfer:

Bank Name:	Wachovia Bank, N.A.
ABA:	0530900219
Account #:	2000001099827
Account Name:	First Union Commercial Corporation
Attn:	Lynn Brand

If by check remit payment to the following address:

First Union Commercial Corporation
P.O. Box 60191
Charlotte, NC 28260

3. Borrower agrees that, as of the date first written above, the following information about the Loan Documents is true, accurate and complete:

Commencement Date: July 15, 2004

Frequency of Installment Payments: Monthly, in arrears

Number of Installment Payments Remaining: Eighty-Four (84)

Amount of Each Installment Payment: Eighty-Three (83) installment payments of \$50,665.26 each, followed by One (1) final installment payment of \$2,550,665.26 due and payable JulyJune 15, 2011

Each Installment Payment (**initial one**): x Principal and Interest _____ Principal Only

Next Installment Payment Due: and payable to Buyer, August 15, 2004

4. Borrower and the Guarantor acknowledge receipt of this Acknowledgment and confirm and agree to the following: (a) the Loan Documents and the Guarantee (with all signatures thereon) are genuine, are in full force and effect and are valid and legally binding agreements of Borrower or the Guarantor (as applicable), enforceable by Buyer against Borrower or the Guarantor (as applicable) in accordance with their terms except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and general equitable principles; (b) there has been no prepayment with respect to the Note; (c) all dates, amounts, equipment descriptions and other facts stated in the Loan Documents are correct; (d) the Equipment is in Borrower's possession and control at the address shown in the Loan Documents and has been irrevocably accepted by Borrower for all purposes of the Loan Documents; (e) other than the Loan Documents and the Guarantee, there are no agreements, oral or written, between Lender and Borrower relating to the Equipment or its financing and the Loan Documents constitute the entire agreement between Borrower and Lender relating to the Equipment and its financing; (f) Borrower is not in default under the Loan Documents; (g) neither Borrower nor the Guarantor has previously received any notice that any or all of the Loan Documents have been assigned by Lender to any party other than Buyer; and (h) neither the Guarantor nor Borrower has any right of offset, defense or counterclaim to any of its obligations under the Loan Documents or Guarantee (as applicable).

5. The Guarantor acknowledges and agrees that the Guarantee remains in full force and effect notwithstanding the assignment to Buyer.

10. Borrower and the Guarantor acknowledge and agree that (a) Borrower and Guarantor will deal exclusively with respect to the Note with Buyer, and Borrower and the Guarantor will deliver all payments and copies of all notices and other communications given or made by Borrower and/or Guarantor with respect to the Loan Documents to Buyer at the address listed below its signature block hereto, (b) so far as enforcement of the Note is concerned, notwithstanding the existence of other promissory notes issued under the Loan and Security Agreement, the Note is separate and severable and Buyer may take enforcement action independently of other financing parties having an interest in the Loan Documents and other promissory notes not included in the Note, (c) the collateral set forth in the Loan and Security Agreement secures the obligations of Borrower pursuant to the Note separately, and Buyer may exercise all rights and remedies available to it with respect to such collateral independently of other financing parties having an interest in the Loan and Security Agreement and in other promissory notes not included in the Note, and (d) Borrower and the Guarantor will execute such other instruments and take such actions as Buyer reasonably may require to further confirm the sale, assignment and transfer by Lender to Buyer.

11. All representations and duties of Lender intended to induce Borrower and the Guarantor to enter into the Loan Documents and the Guarantee (as applicable), whether required by the Loan Documents, the Guarantee or otherwise, have been fulfilled and the original principal amount of the Note has been advanced by Lender to Borrower.

Borrower: JETRIDE, INC. DBA AIRNET PRIVATE CHARTERS

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Borrower's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Guarantor: AIRNET SYSTEMS, INC.

By: /s/ Gary W. Qualmann

Title: CFO

3939 International Gateway
(Guarantor's Street Address)

Columbus, Ohio 43219
(City, State, Zip Code)

Accepted By:

LENDER:

Banc One Leasing Corporation

By: _____

Title: _____

BUYER:

First Union Commercial Corporation

By: _____

Title: _____

Address: First Union Commercial Corporation
One Wachovia Center
Mail Code NC0738
Charlotte, NC 28288-0738
Attention: Linda Minter
Telephone: (704) 374-4900
Telecopy: (704) 374-3241

**AIRNET SYSTEMS, INC.
Loan and Security Agreement**

Loan Number: **1000119774**

This Agreement is dated as of July 12, 2004 and is executed by and between BANC ONE LEASING CORPORATION ("Lender"), with Lender's principal office located at 1111 Polaris Parkway, Suite A3 (OH1-1085), Columbus, Ohio 43240 and the borrower identified below ("Borrower"):

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Borrower's Address: 3939 International Gateway, Columbus, Ohio 43219

1. GRANT OF SECURITY INTEREST. Borrower grants, pledges and assigns to Lender a security interest in all of Borrower's respective right, title and interest in and to the property described on the **attached Schedule A-1**, now or hereafter arising or acquired, wherever located, together with any and all additions, accessions, parts, accessories, substitutions and replacements thereof, now or hereafter installed in, affixed to or used in connection with said property (the "Equipment"), in all proceeds thereof, cash and non-cash, including, but not limited to, proceeds of notes, checks, instruments, indemnity proceeds, or any insurance on such and any refund or rebate of premiums on such ("Collateral"). This Agreement secures the prompt payment and complete performance in full when due, whether at the stated maturity, by acceleration or otherwise, of all payment and other obligations of Borrower under or in connection with this Agreement, and the Business Purpose Promissory Note executed in connection with the Loan Number referenced above with the Borrower as the maker (the "Note"), and any and all renewals, extensions or substitutions therefor ("Obligations"). Borrower is and will continue to be (or, with respect to after acquired property that constitutes Equipment under this Agreement, will be when acquired) the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and/or any other prior security agreement delivered by Borrower to Lender. Except as previously disclosed to Lender in writing, no effective Uniform Commercial Code ("UCC") financing statement or other instrument covering all or any part of the Collateral is on file in any recording office, except those in favor of Lender. At its sole expense, Borrower shall protect and defend Lender's first priority security interest in the Collateral against all claims and demands whatsoever.

2. MAINTENANCE AND USE. At its sole expense, Borrower shall (a) repair and maintain the Equipment in good condition and working order and supply and install all replacement parts or other devices when required to so maintain the Equipment or when required by applicable law or regulation, which parts or devices shall automatically become part of the Equipment; (b) use and operate the Equipment in a careful manner in the normal course of its business and only for the purposes for which it was designed in accordance with the manufacturer's warranty requirements, and comply with all laws and regulations relating to the Equipment, and obtain all permits or licenses necessary to install, use or operate the Equipment; (c) except as provided in clause (d) below, make no alterations, additions, subtractions, upgrades or improvements to the Equipment without Lender's prior written consent, which consent will not be unreasonably withheld, but any such alterations, additions, upgrades or improvements shall automatically become part of the Equipment; (d) maintain, inspect, service and repair, overhaul and test the Equipment in accordance with the FAA approved maintenance program, manufacturer's approved maintenance program, FAA airworthiness directives, and the manufacturer's alert bulletins and urgently recommended service bulletins and procedures, and perform all duties and tasks which would be required to maintain the Equipment, including the engines, in full compliance with the manufacturer's specification (i) so as to keep the Equipment in as good operating condition as when delivered to the Borrower hereunder, ordinary wear and tear excepted, and (ii) so as to keep the Equipment in such operating condition as may be necessary to enable the airworthiness certification of such Equipment to be maintained in good standing at all times under the Act (as defined in Section 20 hereof); and (e) maintain all records, logs and other materials required by the FAA to be maintained in respect of the Equipment. The Equipment will not be based outside of the United States, provided, however, that the Equipment shall not be outside of the United States for more than ninety (90) days in any calendar year. The Equipment shall not be operated within, over or into any jurisdiction not covered by the

insurance policies required herein nor shall the Equipment be operated in any jurisdiction that does not have diplomatic relations with the United States. Lender has the right upon reasonable notice to Borrower to inspect the Equipment wherever located. The Equipment shall be based at the location specified on Schedule A-1. The Equipment may be repositioned by Borrower, from time to time, to other locations within the United States in the normal course of the Borrower's business. Borrower shall notify Lender in writing of any new location where the Equipment is based within five (5) days of any repositioning of the Equipment.

3. INSURANCE. At its sole expense, Borrower at all times shall keep each item of Equipment insured against all risks of loss or damage from every cause whatsoever for an amount not less than the greater of the full replacement value or the Financed Amount (as defined in Section 20 hereof). All insurers shall be reasonably satisfactory to Lender. Borrower shall deliver to Lender satisfactory evidence of such coverage. Proceeds of any insurance covering damage or loss of the Equipment in excess of \$250,000.00 shall be payable to Lender as loss payee and shall, at Lender's option, be applied toward (a) the replacement, restoration or repair of the Equipment, or (b) payment of the obligations of Borrower under this Agreement. If an event of default occurs and is continuing, then Borrower automatically appoints Lender as Borrower's attorney-in-fact with full power and authority in the place of Borrower and in the name of Borrower or Lender to make claim for, receive payment of, and sign and endorse all documents, checks or drafts for loss or damage under any such policy. Each insurance policy will require that the insurer give Lender at least 30 days prior written notice of any cancellation of such policy and will require that Lender's interests remain insured regardless of any act, error, omission, neglect or misrepresentation of Borrower, and will contain those other requirements outlined in Schedule 3 hereof. The insurance maintained by Borrower shall be primary without any right of contribution from insurance which may be maintained by Lender.

4. LOSS OR DAMAGE. Borrower bears the entire risk of loss, theft, damage or destruction of Equipment in whole or in part from any reason whatsoever ("Casualty Loss"). No Casualty Loss to Equipment shall relieve Borrower from the obligation to pay the installment payments or from any other obligation under this Agreement. In the event of Casualty Loss to any item of Equipment, Borrower shall immediately notify Lender of the same and Borrower shall, if so directed by Lender, immediately repair the same. If Lender determines that any item of Equipment has suffered a Casualty Loss beyond repair ("Lost Equipment"), then Borrower, at the option of Lender, shall: (1) upon receipt of any insurance proceeds for the Lost Equipment replace the Lost Equipment with similar equipment in good repair, condition and working order free and clear of any Liens and deliver to Lender a bill of sale covering the replacement equipment, in which event such replacement equipment shall automatically be Equipment under this Agreement; or (2) upon receipt of any insurance proceeds for the Lost Equipment but no more than 180 days after the date of the Casualty Loss, pay to Lender all amounts then due and payable by Borrower under this Agreement for the Lost Equipment plus the remaining principal balance for such Lost Equipment as of the date of the Casualty Loss as determined by Lender's records. Upon payment by Borrower of all amounts due under the above clause (2), the security interest of the Lender in the Lost Equipment will terminate.

5. TAXES. Borrower will pay promptly when due all taxes, assessments and governmental charges upon or against Borrower, the Collateral or the property or operations of Borrower, in each case before same becomes delinquent and before penalties accrue thereon, unless and to the extent that same are being contested in good faith by appropriate proceedings.

6. GENERAL INDEMNITY. Borrower assumes all risk and liability for, and shall defend, indemnify and keep Lender harmless on an after-tax basis from, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs and expenses, including reasonable attorney fees and expenses, of whatsoever kind and nature imposed on, incurred by or asserted against Lender, in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership, possession, use, selection, delivery, operation, condition, sale, return or other disposition of the Equipment or any part thereof (including, without limitation, any claim for latent or other defects, whether or not discoverable by Borrower or any other person, any claim for negligence, tort or strict liability, any claim under any environmental protection or hazardous waste law and any claim for patent, trademark or copyright infringement). Borrower will not indemnify Lender under this section for loss or liability caused directly and solely by the negligence or willful misconduct of Lender. In this section, "Lender" also includes any director, officer, employee, agent, successor or assign of Lender. Borrower's obligations under this section shall survive the expiration, cancellation or termination of this Agreement.

7. PERSONAL PROPERTY. Borrower represents and agrees that the Equipment is, and shall at all times remain, separately identifiable personal property. Upon Lender's request, Borrower shall use commercially reasonable efforts to furnish Lender a landlord's and/or mortgagee's waiver and consent to remove all Equipment. Lender may display notice of its interest in the Equipment by any reasonable identification. Borrower shall not alter or deface any such indicia of Lender's interest.

8. FINANCIAL REPORTS. Borrower agrees to furnish to Lender: (a) annual financial statements setting forth the financial condition and results of operation of Borrower (financial statements shall include balance sheet, income statement and changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of Borrower; (b) quarterly financial statements setting forth the financial condition and results of operation of Borrower within 60 days of the end of each of the first three fiscal quarters of Borrower; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by Borrower with federal or state regulatory agencies to the extent Borrower may disclose such other financial information without violating the Securities Exchange Act of 1934 or any rule or regulation of the Securities and Exchange Commission. All such financial information shall be prepared in accordance with generally accepted accounting principles. If Borrower fails to furnish the annual financial statements to Lender within 30 days of Lender's written request, then Lender may, at its option, charge Borrower a non-performance fee equal to all the installment payments due under this Agreement for the then current month (unless otherwise prohibited by law) and such fees shall be payable by Borrower on demand.

9. NO CHANGES IN BORROWER. Borrower shall not: (a) liquidate, dissolve or suspend business; (b) sell, transfer or otherwise dispose of all or a majority of its assets, except that Borrower may sell its inventory in the ordinary course of its business; (c) enter into any merger, consolidation or similar reorganization unless it is the surviving corporation; (d) transfer all, or any substantial part of, its operations or assets outside of the United States of America; or (e) without 15 days advance written notice to Lender, change its name or chief place of business.

10. REPRESENTATIONS. Borrower represents and warrants that: (a) Borrower is organized, validly existing, and in good standing under the laws of one of the states of the United States; (b) Borrower is qualified to do business in, and is in good standing under the laws of, each other state in which it conducts its business and in which the Equipment is located, except to the extent such failure would not have a material adverse effect on the Borrower's business or the Collateral; (c) Borrower has the power, and is duly authorized to enter into, this Agreement and the Note and to execute and deliver to Lender, now and from time to time hereafter, additional instruments, resolutions, agreements and other instruments or documents relating to the Obligation owed to Lender; (d) Borrower has, by proper action, authorized and empowered those persons whose signatures appear in this Agreement, the Note, and any instruments, documents and exhibits that have been delivered in connection herewith, to execute the same for and on its behalf; (e) this Agreement, the Note, and each related document constitute a legal, valid, and binding obligation of Borrower enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency or similar laws affecting the enforcement of creditors' rights generally and general principles of equity; (f) this Agreement and the Note evidence a loan made primarily for business, commercial or agricultural purposes and not primarily for personal, family, or household purposes; (g) the Equipment is not, and will not, be registered under the laws of any foreign country; (h) the Equipment is, and shall remain at all times, eligible for registration under the Act (as defined in Section 20 hereof); (i) the Equipment shall be based in, and primarily used in, the United States all as required by the Act; and (j) the Equipment will not be used in violation of any law, regulation, ordinance or policy of insurance affecting the maintenance, use or flight of the Equipment; and (k) Borrower qualifies as a citizen of the United States as defined in the Act and will continue to qualify as a United States citizen in all respects.

11. OTHER DOCUMENTS; EXPENSES; APPOINTMENT OF ATTORNEY-IN-FACT. Borrower hereby irrevocably appoints Lender or its designee as Borrower's attorney in fact, with full authority in the place instead of Borrower, from time to time in Lender's discretion upon, during, and after an event of default, to take any action and to execute any instrument which Lender may deem necessary or advisable to accomplish the purposes of this Agreement, including without limitation, (a) to perfect and continue to perfect the security interests created by this Agreement, including without limitation to prepare, sign, amend, file, or record a Uniform Commercial Code financing statement in the place of Borrower and in the name of Borrower; (b) to ask, demand, collect or sue for, recover, compound, receive and give acquittance in receipts for any monies due or become due under or in respect for any Collateral; (c) to receive, endorse and collect any drafts or other instruments, documents and chattel paper, in connection with the Collateral; and (d) to file any claims or take any action or institute any proceeding which Lender may deem necessary or desirable for the collection of any Collateral or otherwise to enforce the rights of Lender in the Collateral. Borrower agrees to sign and deliver to Lender any additional documents deemed desirable by Lender to effect the perfection of Lender's security interest in the Collateral. Borrower shall pay upon Lender's request any out-of-pocket costs and expense paid or incurred by Lender in connection with the above terms of this Agreement or the funding and closing of this Agreement.

12. EVENTS OF DEFAULT. Each of the following events shall constitute an event of default under this Agreement and the Note: (a) Borrower fails to pay any installment payment or other amount due under this

Agreement or the Note within ten days of its due date; or (b) Borrower fails to perform or observe any of its obligations in Sections 3, 9, or 18 hereof; or (c) Borrower fails to perform or observe any of its other obligations in this Agreement or the Note within 30 days after Lender notifies Borrower of such failure; or (d) any statement, representation or warranty made by Borrower in this Agreement or in any document, certificate or financial statement in connection with this Agreement proves at any time to have been untrue or misleading in any material respect as of the time when made; or (e) Borrower becomes insolvent or bankrupt, or Borrower admits its inability to pay its debts as they mature, or Borrower makes an assignment for the benefit of creditors, or Borrower applies for, institutes or consents to the appointment of a receiver, trustee or similar official for Borrower or any substantial part of its property or any such official is appointed without Borrower's consent, or Borrower applies for, institutes or consents to any bankruptcy, insolvency, reorganization, debt moratorium, liquidation or similar proceeding relating to Borrower or any substantial part of its property under the laws of any jurisdiction or any such proceeding is instituted against Borrower without stay or dismissal for more than 60 days, or Borrower commences a winding up of its affairs, or Borrower ceases to do business as a going concern; or (f) with respect to any guaranty, letter of credit, pledge agreement, security agreement, mortgage, deed of trust, debt subordination agreement or other credit enhancement or credit support agreement (whether now existing or hereafter arising) signed or issued by any party in connection with all or any part of Borrower's obligations under this Agreement, the party signing or issuing any such agreement defaults in its obligations thereunder or any such agreement shall cease to be in full force and effect or shall be declared to be null, void, invalid or unenforceable by the party signing or issuing it.

As used in this section 12, the term "Borrower" also includes any guarantor (whether now existing or hereafter arising) of all or any part of Borrower's obligations under this Agreement and/or any issuer of a letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement, and the term "Agreement" also includes any guaranty or letter of credit (whether now existing or hereafter arising) relating to all or any part of Borrower's obligations under this Agreement.

13. RIGHTS UPON DEFAULT. If any event of default exists, Lender may exercise in any order one or more of the remedies described in the lettered subparagraphs of this section, and Borrower shall perform its obligations imposed thereby:

(a) Lender may require Borrower to turnover any and all Collateral to Lender.

(b) Lender or its agent may repossess any or all Collateral wherever found, may enter the premises where the Collateral is located and disconnect, render unusable and remove it, and may use such premises without charge to store or show the Collateral for sale.

(c) Lender may sell any or all Collateral at public or private sale, with or without advertisement or publication, may lease or otherwise dispose of it or may use, hold or keep it.

(d) Lender may require Borrower to pay to Lender on a date specified by Lender, (i) all accrued and unpaid interest, late charges and other amounts due under the Note or this Agreement as of such date, plus (ii) the remaining principal balance of the Note as of such date, plus (iii) interest at the Overdue Rate on the total of the foregoing ("Overdue Rate" means an interest rate per annum equal to the higher of 12% or 2% over the Prime Rate, but not to exceed the highest rate permitted by applicable law). If an event of default under section 12(f) of this Agreement exists, then Borrower will be automatically liable to pay Lender the foregoing amounts as of the next installment payment date under the Note unless Lender otherwise elects in writing.

(e) Borrower shall pay all reasonable costs, expenses and damages incurred by Lender because of the event of default or its actions under this section, including, without limitation any collection agency and/or attorney fees and expenses, any costs related to the repossession, safekeeping, storage, repair, reconditioning or disposition of the Collateral.

(f) Lender may sue to enforce Borrower's performance of its obligations under the Note and this Agreement and/or may exercise any other right or remedy then available to Lender at law or in equity.

Lender is not required to take any legal process or give Borrower any notice before exercising any of the above remedies. If Lender is required to give notice, 10 calendar days advanced notice is reasonable notification. None of the above remedies is exclusive, but each is cumulative and in addition to any other remedy available to Lender. Lender's exercise of one or more remedies shall not preclude its exercise of any other remedy. No action taken by Lender shall release Borrower from any of its obligations to Lender. No delay or failure on the part of Lender to exercise any right hereunder shall operate as a waiver thereof nor as an acquiescence in any default, nor shall any single or partial exercise of any right preclude any other exercise thereof or the exercise of any other right.

After any default, Lender's acceptance of any payment by Borrower under the Note or this Agreement shall not constitute a waiver by Lender of such default, regardless of Lender's knowledge or lack of knowledge at the time of such payment, and shall not constitute a reinstatement of the Note or this Agreement if this Agreement has been declared in default by Lender, unless Lender has agreed in writing to reinstate this Agreement and to waive the default. With respect to any Collateral or any Obligation, Borrower assents to all extensions or postponements to the time of payment thereof or any other indulgence in connection therewith, to each substitution, exchange or release of Collateral, to the release of any party primarily or secondarily liable, to the acceptance of partial payment thereof or to the settlement or compromise thereof, all in such matter and such time or times as Lender may deem advisable.

If Lender actually repossesses any Collateral, then it will use commercially reasonable efforts under the then current circumstances to attempt to mitigate its damages; provided, that Lender shall not be required to sell, lease or otherwise dispose of any Collateral prior to Lender enforcing any of the remedies described above. Lender may sell or lease the Collateral in any manner it chooses, free and clear of any claims or rights of Borrower and without any duty to account to Borrower with respect thereto except as provided below. If Lender actually sells or leases the Collateral, it will credit the net proceeds of any sale of the Collateral, or the net present value (discounted at the then current Prime Rate) of the rents payable under any new lease of the Collateral, against the amounts Borrower owes Lender. The term "net" as used above shall mean such amount after deducting the costs and expenses described in clause (e) above of this section. Borrower shall remain liable for any deficiency if the net proceeds are insufficient to pay all amounts to which Lender is entitled hereunder.

14. LATE CHARGES. If any installment payment or other amount payable under the Note or this Agreement is not paid when due, then as compensation for the administration and enforcement of Borrower's obligation to make timely payments, Borrower shall pay with respect to each overdue payment on demand an amount equal to the greater of fifteen dollars (\$15.00) or five percent (5%) of the each overdue payment (but not to exceed the highest late charge permitted by applicable law) plus any collection agency fees and expenses.

15. LENDER'S RIGHT TO PERFORM. If Borrower fails to make any payment under this Agreement or fails to perform any of its other obligations in this Agreement (including, without limitation, its agreement to provide insurance coverage), Lender may itself make such payment or perform such obligation, and the amount of such payment and the amount of the expenses of Lender incurred in connection with such payment or performance shall be deemed to be additional principal under the Note which is payable by Borrower on demand.

16. NOTICES; POWER OF ATTORNEY. (a) Service of all notices under this Agreement shall be sufficient if given personally or couriered or mailed to the party involved at its respective address set forth herein or at such other address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective three days after deposit in the United States mail with postage prepaid. (b) With respect to any power of attorney covered by this Agreement, the powers conferred on Lender thereby: are powers coupled with an interest; are irrevocable; are solely to protect Lender's interests under this Agreement; and do not impose any duty on Lender to exercise such powers. Lender shall be accountable solely for amounts it actually receives as a result of its exercise of such powers.

17. ASSIGNMENT BY LENDER. Lender and any assignee of Lender, may, upon ten (10) days' prior written notice to Borrower, with or without consent of Borrower, sell, assign, transfer or grant a security interest in all or any part of Lender's rights, obligations, title or interest in the Collateral, the Note, this Agreement, or the amounts payable under the Note or this Agreement to any entity ("transferee"). The transferee shall succeed to all of Lender's rights in respect to this Agreement (including, without limitation, all rights to insurance and indemnity protection described in this Agreement). Borrower agrees to sign any acknowledgment and other documents reasonably requested by Lender or the transferee in connection with any such transfer transaction. Borrower, upon receiving notice of any such transfer transaction, shall comply with the terms and conditions thereof. Borrower agrees that it shall not assert against any transferee any claim, defense, setoff, deduction or counterclaim which Borrower may now or hereafter be entitled to assert against Lender.

18. NO ASSIGNMENT OR LEASING BY BORROWER. BORROWER SHALL NOT, DIRECTLY OR INDIRECTLY, (a) MORTGAGE, ASSIGN, SELL, TRANSFER, OR OTHERWISE DISPOSE OF INTEREST IN THIS AGREEMENT OR THE COLLATERAL OR ANY PART THEREOF, OR (b) LEASE, RENT, LEND OR TRANSFER POSSESSION OR USE (OTHER THAN USE IN THE ORDINARY COURSE OF BORROWER'S BUSINESS) OF THE EQUIPMENT OR ANY PART THEREOF TO ANY PARTY, OR (c) CREATE, INCUR, GRANT, ASSUME OR ALLOW TO EXIST ANY LIEN ON ITS INTEREST IN THIS AGREEMENT, THE COLLATERAL OR ANY PART THEREOF.

19. TERMINATION. This Agreement shall continue in effect until the Obligations have been indefeasibly paid and performed in full. Upon termination of this Agreement, Lender shall, at Borrower's expense, take such actions and file such documents as may be necessary or desirable to release the Collateral from this Agreement.

20. CERTAIN DEFINITIONS. "Act" means subtitle VII of Title 49 of the United States Code. "Financed Amount" for any item of Equipment shall mean the amount set forth on the Schedule A-1 that corresponds to that item of Equipment. "Lien" means any security interest, lien, mortgage, pledge, encumbrance, judgment, execution, attachment, warrant, writ, levy, other judicial process or claim of any nature whatsoever by or of any person. "Prime Rate" means the prime rate of interest announced from time to time as the prime rate by Bank One, NA (or its successors or assigns); provided, that the parties acknowledge that the Prime Rate is not intended to be the lowest rate of interest charged by said bank in connection with extensions of credit. All terms defined herein are equally applicable to both the singular and plural form of such terms.

21. CONDITIONS. Lender is not obligated to make any loan or disburse any principal hereunder unless: (a) Lender has received the Note signed by the Borrower; (b) Lender has received evidence of all required insurance; (c) in Lender's sole judgment, there has been no material adverse change in the financial condition or business of Borrower or any guarantor; (d) Borrower has signed and delivered to Lender this Agreement and Lender has signed and accepted this Agreement; (e) Lender has received the documents and instruments and evidence as to satisfaction of the matters specified in any **Schedule 2** which may be attached hereto, each of which shall be satisfactory to Lender in form and substance and each document or instrument to be duly authorized, executed and delivered and in full force and effect; (f) Lender has received, in form and substance satisfactory to Lender, such other documents and information as Lender shall reasonably request; and (g) Borrower has satisfied all other reasonable conditions established by Lender.

22. USURY. It is not the intention of the parties to this Agreement to make an agreement violative of the laws of any applicable jurisdiction relating to usury ("Usury Laws"). Regardless of any provision in this Agreement, the Note, or any document in connection therewith, Lender shall not be entitled to receive, collect or apply, as interest on any Obligation, any amount in excess of the Maximum Amount (the "Excess"). As used herein, "Maximum Amount" shall mean the maximum amount of interest which would have accrued if the unpaid principal amount of the Obligation outstanding from time to time had borne interest each day at the maximum amount of interest which lender is permitted to charge on the Obligation under the Usury Laws. If Lender ever receives, collects or applies as interest any Excess, such Excess shall be deemed a partial repayment of principal and treated hereunder as such; and if principal is paid in full, any remaining Excess shall be paid to Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the Maximum Amount, Borrower and Lender shall, to the maximum extent permitted under the Usury Laws, (a) characterize any nonprincipal payment as an expense, fee or premium rather than as interest, (b) exclude voluntary prepayments and the effect thereof, and (c) amortize, prorate, allocate and spread in equal parts, the total amount of interest throughout the entire contemplated term of the Obligation so that the interest rate is uniform throughout the entire term of the Obligation; provided that if the Obligation is paid and performed in full prior to the full contemplated term thereof, and if the interest received for the actual period of existence thereof exceeds the Maximum Amount, Lender shall refund to Borrower the Excess, and, such event shall not be subject to any penalties provided by the Usury Laws.

23. GOVERNING LAW. THE INTERPRETATION, CONSTRUCTION AND VALIDITY OF THIS AGREEMENT AND THE NOTE SHALL BE GOVERNED BY THE LAWS OF THE STATE OF OHIO.

24. MISCELLANEOUS. (a) Subject to the limitations herein, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective heirs, administrators, successors and assigns. (b) This Agreement may be executed in any number of counterparts, which together shall constitute a single instrument. (c) Section and paragraph headings in this Agreement are for convenience only and have no independent meaning. (d) The terms of this Agreement shall be severable and if any term thereof is declared unconscionable, invalid, illegal or void, in whole or in part, the decision so holding shall not be construed as impairing the other terms of this Agreement and this Agreement shall continue in full force and effect as if such invalid, illegal, void or unconscionable term were not originally included herein. (e) All indemnity obligations of Borrower under this Agreement and all rights, benefits and protections provided to Lender by warranty disclaimers shall survive the cancellation, expiration or termination of this Agreement. (f) Lender shall not be liable to Borrower for any indirect, consequential or special damages for any reason whatsoever. (g) This Agreement may be amended, but only by a written amendment signed by Lender and Borrower. (h) If this Agreement is signed by more than one Borrower, each of such Borrowers shall be jointly and severally liable for payment and performance of all of Borrower's obligations under this Agreement. (i) This Agreement represents the final, complete and entire agreement between

the parties hereto, and there are no oral or unwritten agreements or understandings affecting this Agreement or the Collateral. (j) Borrower agrees that Lender is not the agent of any manufacturer or supplier, that no manufacturer or supplier is an agent of Lender, and that any representation, warranty or agreement made by manufacturer, supplier or by their employees, sales representatives or agents shall not be binding on Lender.

25. GOVERNMENT REGULATION. Borrower shall not (a) be or become subject, at any time, to any law, regulation, or list of any government agency (including, without limitation, the U.S. Office of Foreign Asset Control list) that prohibits or limits Lender from making any advance or extension of credit to Borrower or from otherwise conducting business with Borrower or (b) fail to provide documentary and other evidence of Borrower's identity as may be requested by Lender at any time to enable Lender to verify Borrower's identity or to comply with any applicable law or regulation, including, without limitation, Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318.

26. USA PATRIOT ACT NOTIFICATION. The following notification is provided to Borrower pursuant to Section 326 of the USA Patriot Act of 2001, 31 U.S.C. Section 5318:

IMPORTANT INFORMATION ABOUT PROCEDURES FOR OPENING A NEW ACCOUNT. To help the government 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 or entity that opens an account, including any deposit account, treasury management account, loan, other extension of credit, or other financial services product. What this means for Borrower: When Borrower opens an account, if Borrower is an individual, Lender will ask for Borrower's name, tax payer identification number, residential address, date of birth, and other information that will allow Lender to identify Borrower, and if Borrower is not an individual, Lender will ask for Borrower's name, taxpayer identification number, business address, and other information that will allow Lender to identify Borrower. Lender may also ask, if Borrower is an individual, to see Borrower's driver's license or other identifying documents, and if Borrower is not an individual, to see Borrower's legal organizational documents or other identifying documents.

ALL PARTIES TO THIS AGREEMENT, INCLUDING LENDER AND THE UNDERSIGNED, IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THE NOTE OR THIS AGREEMENT.

JETRIDE, INC. dba AIRNET PRIVATE
CHARTERS
(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

Witness: /s/ John Gordon

Accepted By:
BANC ONE LEASING CORPORATION

By: /s/ Jacqueline M. Walls

Title: Financing Manager

Acceptance Date: July 12, 2004

SCHEDULE 2

Attached to Loan and Security Agreement for Loan No. **1000119774**

ADDITIONAL CONDITIONS TO FUNDING THE LOAN*

1. Airnet Systems, Inc. shall execute and deliver to Lender an absolute and unconditional guarantee of all obligations of Borrower under the Loan and Security Agreement and the Note.
2. Lender shall receive and find acceptable the maintenance and service logs and records relating to the Collateral.
3. Lender shall receive terminations or releases of liens in a form recordable with the Federal Aviation Administration from all creditors with a lien on any part of the Collateral as shown in the FAA lien records.
4. Lender shall receive UCC-3 terminations or release of liens in recordable form from all creditors with a lien on any part of the Collateral as shown in state or local lien records.

* The inclusion of additional funding conditions in this Schedule 2 shall not limit the generality of the conditions set forth in the Agreement.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

(Borrower)

By: /s/ Gary W. Qualmann

Title: CFO

SCHEDULE 3
AIRCRAFT LOAN INSURANCE REQUEST LETTER

(Date)

(Agent)

(Street Address)

(City, State, Zip)

(Telephone Number)

Dear Agent:

Banc One Leasing Corporation ("BOLC") requires proof of acceptable insurance coverage before the loan transaction can close. The requirements identified below must stay in full effect throughout the term of the transaction.

31. The certificate of insurance must be issued directly to Banc One Leasing Corporation and shall be issued by a company having an A.M. Best Rating of at least A with a Financial Size Category of at least VII.
32. The certificate of insurance must be executed.
33. The insurance must be primary and any insurance maintained by BOLC or any other loss payee will be in excess and non-contributory.
34. Policies must include a Waiver of Subrogation in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
35. Policies must include a thirty (30) day prior written Notice of Cancellation to the Certificate Holder. Such notice must be directed by certified mail to: Banc One Leasing Corporation, 1111 Polaris Parkway, Suite A3, Columbus, Ohio 43240, Attn: Insurance Dept.
36. PHYSICAL DAMAGE
 - u. Replacement cost coverage for the equipment identified on the attached Schedule A-1, which is estimated to be \$5,000,000.00.
 - v. "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" shall be named as Loss Payee.
 - w. Breach of Warranty in favor "Banc One Leasing Corporation, its parent and affiliates, successors or assigns".
 - x. War Risk Endorsement, which shall include hijacking and terrorism, in favor of "Banc One Leasing Corporation, its parent and affiliates, successors or assigns" for the amount identified in 6a.
7. The certificate of insurance shall evidence liability coverage in the minimum amount of \$50 million.

Please immediately send proof of the above insurance requirements **VIA FACSIMILE TRANSMITTAL 614-213-0748**.

**PLEASE REFERENCE THE COMPLETE LOAN NUMBER AS LISTED BELOW FOR TRACKING PURPOSES.
THANK YOU.**

Sincerely,
JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

/s/ Gary W. Qualmann

(By)

1000119774

(Loan Number)

**AIRNET SYSTEMS, INC.
Business Purpose Promissory Note**

Loan Number: **1000119774**

Amount **\$5,000,000.00**
July 12, 2004

Date:

This Note is executed together with the Loan and Security Agreement dated as of July 12, 2004 (the "Loan Agreement") and is executed at Columbus, Ohio.
(City) (State)

For value received, receipt of which is hereby acknowledged, the undersigned ("Borrower") promises to pay to the order of BANC ONE LEASING CORPORATION ("Lender") at its principal office or at such other place as Lender may designate from time to time in lawful money of the United States of America, the principal sum of **Five Million and 00/100ths Dollars (\$5,000,000.00)**, or such lesser portion thereof as may have from time to time been disbursed to, or for the benefit of Borrower, and as remains unpaid pursuant to the books or records of Lender, together with interest at the Interest Rate set forth below on the unpaid balance of principal advanced from the date(s) of disbursement until paid in full as set forth below. Principal sums(s) disbursed and repaid will not be available for redissemination. Interest shall be calculated on a 360 day year basis with each month consisting of 30 days.

Interest Rate: **Six and Fifty Hundredths percent (6.50%) per annum.**

1. The term of this Note consists of the Interim Term plus the Base Term. The Interim Term begins on the Acceptance Date and continues up to the Commencement Date of the Base Term. The Acceptance Date is the date that Lender accepts this Note by initially disbursing principal hereunder. If the Acceptance Date is on or after the first (1st) day of the month and up to the fifteenth (15th) day of the month, then the Commencement Date shall be the fifteenth (15th) day of such month; and if the Acceptance Date is on or after the sixteenth (16th) day of the month and up to the last day of the month, then the Commencement Date shall be first (1st) day of the month following the Acceptance Date. The Base Term begins on the Commencement Date and continues for the number of months after the Commencement Date as stated in Section 3 below.
2. If the Acceptance Date is before the Commencement Date, then on the Commencement Date of the Base Term, Borrower shall pay one installment of interest only based upon the number of days in the Interim Term.
3. During the Base Term, Borrower shall pay installments of principal and interest in the amounts and on the dates stated below:

(a) Base Term: **84 months**

(b) Amount of each installment payment due during the Base Term (includes principal and interest):

83 Monthly Payments @ \$50,665.26
1 Monthly Payment @ \$2,550,665.26

(c) The first installment payment during the Base Term shall be paid **one month** after the Commencement Date and all subsequent installment payments shall be paid on the same day of **each month** thereafter until paid in full.

4. On or before the date of this Note, Borrower shall pay a set-up/filing fee in the amount of **\$0.00**.

5. Payments shall be allocated between principal, interest and fees, if any, in the discretion of Lender. Except as provided in the Prepayment and Substitution Addendum, Borrower may not prepay the principal sum. Borrower's obligation to pay all installment payments and all other amounts payable under this Note is absolute and unconditional under any and all circumstances and shall not be affected by any circumstances of any character including, without limitation, (a) any setoff, claim, counterclaim, defense or reduction which Borrower may have at any time against Lender or any other party for any reason, or (b) any defect in the condition, design or operation of, any lack of fitness for use of, any damage to or loss of, or any lack of maintenance or service for any of the Equipment (as defined in the Loan Agreement).

6. This Note is entitled to the benefits, and is subject to the terms and requirements of, the Loan Agreement executed by Borrower and Lender, which Loan Agreement, among other things, (a) provides for the making of the loan evidenced hereby, and (b) provides for events of default, acceleration and other remedies. Borrower waives presentment, demand, protest or notice of any kind in connection with this Note.

7. LENDER AND BORROWER IRREVOCABLY CONSENT TO THE JURISDICTION AND VENUE OF ANY STATE OR FEDERAL COURT IN OHIO, AND WAIVE ALL RIGHTS TO TRIAL BY JURY, IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS INSTRUMENT.

JETRIDE, INC. dba AIRNET PRIVATE CHARTERS
("Borrower")

/s/ John Gordon
Witness as to Borrower's signature

By: /s/ Gary W. Qualmann

Title: CFO

**AIRNET SYSTEMS, INC.
Corporate Guaranty**

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

Loan Documents: all documents executed by Borrower in connection with Loan No. 1000119774, including the Loan and Security Agreement (the "Loan Agreement") and the Business Purpose Promissory Note

Financed Amount: \$5,000,000.00

1. For valuable consideration, the receipt of which is hereby acknowledged, the undersigned jointly and severally unconditionally guarantee to BANC ONE LEASING CORPORATION ("Lender") the full and prompt performance by the Borrower identified above ("Borrower") of all Obligations (as defined in the Loan Documents) which Borrower now has or may hereafter have to Lender, and jointly and severally unconditionally guarantee the prompt payment when due (whether at scheduled maturity, upon acceleration or otherwise) of the Obligations, and all costs and expenses of and incidental to collection of any of the foregoing, including reasonable attorneys' fees. In addition to covering all present Obligations of Borrower to Lender, it is the undersigned's express intention that this Guaranty shall cover all future Obligations of Borrower to Lender, whether or not such Obligations are reduced or entirely extinguished and thereafter increased or are reincurred, which are related to the Loan Documents identified above ("Loan Documents"), whether or not such Obligations are specifically contemplated by the undersigned, Borrower, and Lender as of the date hereof.

2. This is an absolute and unconditional guarantee of payment and not of collection. As a condition of the liability of the undersigned, Lender shall not be required to resort to, enforce, or exhaust any of its remedies against the Borrower or any other party who may be liable for payment on any of the Obligations or to resort to, marshal, enforce, or exhaust any of its remedies against any property given, leased, or held as security for this Guaranty or any of the Obligations.

3. The undersigned hereby waive and grant to Lender the right at any time and from time to time, without notice to the undersigned and without in any way affecting the liability of the undersigned, to extend other and additional credit, leases, loans or financial accommodations to Borrower apart from the Obligations, to deal in any manner as it shall see fit with any of the Obligations of Borrower to Lender and with any property given, leased, or held as security in connection with any of the Obligations, including, but not limited to, (a) accepting partial payments on account of any of the Obligations, (b) granting extensions or renewals of all or any part of any of the Obligations, (c) releasing, surrendering, exchanging, dealing with, abstaining from taking, taking, abstaining from perfecting, perfecting, or accepting substitutes for any or all property given, leased, or held as security in connection with any of the Obligations, (d) modifying, waiving, supplementing or otherwise changing any of the terms, conditions or provisions contained in any of the Obligations and (e) the addition or release of any other party or person liable hereon, liable on the Obligations or liable on any other guaranty executed to guarantee any of Borrower's Obligations. The undersigned jointly and severally hereby agree that any and all settlements, compromises, compositions, accounts stated and agreed balances made in good faith between Lender and Borrower shall be binding upon the undersigned.

4. Every right, power and discretion herein granted to Lender shall be for the benefit of the successors or assigns of Lender and of any transferee or assignee of any of the Obligations covered by this Guaranty, pursuant to any assignment made under Section 17 of the Loan Agreement, and in the event any such Obligation shall be transferred or assigned, every reference herein to Lender shall be construed to mean, as to such Obligation, the transferee or assignee thereof. This Guaranty shall be binding upon each of the undersigned's executors, administrators, heirs, successors and assigns.

5. This Guaranty shall continue in force for so long as Borrower shall be obligated to Lender, and thereafter until Lender shall have actually received written notice of the termination hereof from the undersigned, it being contemplated that Borrower may borrow, lease, repay and subsequently borrow money from or lease property from, or become obligated to, Lender from time to time, and the undersigned, not having given notice of the termination hereof as herein provided for, shall be deemed to have permitted this Guaranty to remain in full force and effect for the purpose of inducing Lender to make further leases or loans to Borrower; provided, however, no notice of termination of this Guaranty shall affect in any manner the rights of Lender arising under this Guaranty with respect to the following: (a) any of the Obligations incurred by Borrower in connection with the Loan Documents, whether such obligation is in the form of a loan agreement or promissory note; or (b) any of the Obligations incurred by Borrower prior to receipt by Lender of written notice of termination or any of the Obligations incurred after receipt of such written notice pursuant to a written agreement entered into by Lender prior to receipt of such notice. The undersigned expressly waive notice of the incurring by Borrower of any of the Obligations to Lender. The undersigned also waive presentment, demand of payment, protest, notice of dishonor or nonpayment of or nonperformance of any of the Obligations.

6. The undersigned hereby waive any claims or rights which they might now have or hereafter acquire against Borrower or any other person primarily or contingently liable on any of the Obligations of Borrower, which claims or rights arise from the existence or performance of the undersigned's obligations under this Guaranty or any other guaranty or under any instrument or agreement with respect to any leased property or any property constituting collateral or security for this Guaranty or any other guaranty, including, without limitation, any right of subrogation, reimbursement, exoneration, contribution, indemnification, or any right to participate in any claim or remedy of Lender or any other creditor which the undersigned now has or hereafter acquires, whether such claim or right arises in equity, under contract or statute, at common law, or otherwise.

7. Lender's rights hereunder shall be reinstated and revived, and this Guaranty shall be fully enforceable, with respect to any amount at any time paid on account of the Obligations which thereafter shall be required to be restored or returned by Lender upon the bankruptcy, insolvency or reorganization of the Borrower, the undersigned, or any other person, or as a result of any other fact or circumstance, all as though such amount had not been paid.

8. The undersigned jointly and severally agree to pay to Lender all costs and expenses, including reasonable attorneys' fees, incurred by Lender in the enforcement or attempted enforcement of this Guaranty, whether or not suit is filed in connection therewith, or in the exercise by Lender of any right, privilege, power or remedy conferred by this Guaranty.

9. In making their decision to guarantee all Obligations now existing or hereafter arising, the undersigned represent and warrant that they have relied exclusively on their own independent investigation of Borrower and all property given, leased, or held as security in connection with any of the Obligations. The undersigned agree that they have sufficient knowledge of the Borrower and of any property given, leased, or held as security in connection with any of the Obligations to make an informed decision about this Guaranty and agree that Lender has no duty or obligation to the undersigned to disclose any information in its possession or control about Borrower and property given, leased, or held as security in connection with any of the Obligations. The undersigned warrant to Lender that they have adequate means to obtain from the Borrower on a continuing basis information concerning the financial condition of the Borrower and that they are not relying on Lender to provide such information either now or in the future.

10. As long as any indebtedness under any of the Obligations remains unpaid or any credit is available to Borrower under any of the Obligations, the undersigned agree to furnish to Lender: (a) audited annual financial statements setting forth the financial condition and results of operation of the undersigned (financial statements shall include balance sheet, income statement, changes in financial position and all notes thereto) within 120 days of the end of each fiscal year of the undersigned; (b) quarterly financial statements setting forth the financial condition and results of operation of the undersigned within 60 days of the end of each of the first three fiscal quarters of the undersigned; and (c) such other financial information as Lender may from time to time reasonably request including, without limitation, financial reports filed by the undersigned with federal or state regulatory agencies.

11. No postponement or delay on the part of Lender in the enforcement of any right hereunder shall constitute a waiver of such right. The failure of any person or entity to sign this Guaranty shall not discharge the liability of any of the undersigned.

12. This Guaranty remains fully enforceable irrespective of any claim, defense or counterclaim which the Borrower may or could assert on any of the Obligations including but not limited to failure of consideration, breach of warranty, payment, statute of frauds, statute of limitations, fraud, bankruptcy, accord and satisfaction, and usury, some of which the undersigned hereby waive along with any standing by the undersigned to assert any said claim, defense or counterclaim.

13. This Guaranty contains the entire agreement of the parties and supersedes all prior agreements and understandings, oral or written, with respect to the subject matter hereof. This Guaranty is not intended to replace or supersede any other guaranty which the undersigned have entered into or may enter into in the future. The undersigned may enter into additional guaranties in the future which may or may not refer to the Loan Documents and such guaranties are not intended to replace or supersede this Guaranty unless specifically provided in that additional guaranty.

14. The interpretation, construction and validity of this Guaranty shall be governed by the laws of the State of Ohio. With respect to any action brought by Lender against the undersigned to enforce any term of this Guaranty, the undersigned hereby irrevocably consents to the jurisdiction and venue of any state or federal court in Franklin County, Ohio, where Lender has its principal place of business and where payments are to be made by Borrower and the undersigned.

ALL PARTIES TO THIS GUARANTY, INCLUDING THE UNDERSIGNED AND LENDER, WAIVE ALL RIGHTS TO TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM BROUGHT BY ANY PARTY AGAINST ANY OTHER PARTY ON ANY MATTER WHATSOEVER ARISING OUT OF, IN CONNECTION WITH OR IN ANY WAY RELATED TO THIS GUARANTY.

Date: July 12, 2004

GUARANTOR:

AIRNET SYSTEMS, INC.

/s/ John Gordon

Witness as to signature

By: /s/ Gary W. Qualmann

/s/ _____ John

Gordon

Print witness name

Title: CFO

Guarantor's Address:

3939 International Gateway

Columbus, Ohio 43219

**AIRNET SYSTEMS, INC.
Acknowledgment of Borrower**

This Acknowledgment of Borrower ("Acknowledgment") is made as of the 12th day of July, 2004 by Borrower in favor of Banc One Leasing Corporation ("Lender") and the Buyer.

"Borrower" means: JETRIDE, INC. DBA AIRNET PRIVATE CHARTERS

"Buyer" means: PNC LEASING, LLC

"Loan Documents" means, collectively, the Loan Documents identified below, together with all exhibits, schedules, addenda and attachments thereto, all of which are made by Borrower in favor of Lender and the Corporate Guaranty dated as of July 12, 2004 from AirNet Systems, Inc. (the "Guarantor") in favor of Lender (the "Guarantee"):

For Lender's Loan #1000119774, the Loan and Security Agreement dated as of July 12, 2004 between Lender, as lender, and Borrower, as borrower, and the same agreement as filed with the Federal Aviation Administration, together with the Business Purpose Promissory Note dated as of July 12, 2004 in the original principal amount of \$5,000,000.00 made by Borrower in favor of Lender.

1. Borrower and Guarantor acknowledge and consent to the sale and assignment by Lender to Buyer of all of Lender's present and future right, title and interest in, to and under the Loan Documents, including, without limitation, the right to receive all installment payments payable under the Loan Documents and all other monies from time to time payable under the Loan Documents (all such amounts referred to as "Monies"), and all rights, benefits and remedies of Lender under the Loan Documents. Borrower also acknowledges and consents to the assignment of Lender's security interest in the Equipment to Buyer.

2. Borrower agrees to pay all Monies directly to Buyer at the address set forth below or at such address, as Buyer shall direct.

If by wire transfer:

Bank Name: PNC Bank, N.A
ABA: 043 000 096
Account #: 1009600189
Account Name: PNC Leasing, LLC
Attn: Leasing Accounting

If by check remit payment to the following address:

PNC Leasing, LLC
P.O. Box 640306
Pittsburgh, PA 15264-0306

3. Borrower agrees that, as of the date first written above, the following information about the Loan Documents is true, accurate and complete:

Frequency of Installment Payments: Monthly, in arrears
Number of Installment Payments Remaining: Eighty-Four (84)
Amount of Each Installment Payment: Eighty-Three (83) installment payments of \$50,665.26 each, followed by One (1) final installment payment of \$2,550,665.26, due and payable July 15, 2011

Each Installment Payment (initial one): x Principal and Interest _____ Principal Only

Next Installment Payment Due: and payable to Buyer, August 15, 2004

4. Borrower represents that: (a) the Loan Documents (with all signatures thereon) are genuine, are in full force and effect and are valid and legally binding agreements of Borrower, enforceable by Buyer against Borrower in accordance with their terms except as the same may be limited by applicable bankruptcy, insolvency or similar laws affecting creditor's rights generally and general equitable principles; (b) all dates, amounts, equipment descriptions and other facts stated in the Loan Documents are correct; (c) the Equipment is in Borrower's possession and control at the address shown in the Loan Documents and has been irrevocably accepted by Borrower for all purposes of the Loan Documents; (d) other than the Loan Documents, there are no agreements, oral or written, between Lender and Borrower relating to the Equipment or its financing and the Loan Documents constitute the entire agreement between Borrower and Lender relating to the Equipment and its financing; (e) Borrower is not in default under the Loan Documents; (f) Borrower has not previously received any notice that any or all of the Loan Documents have been assigned by Lender to any party other than Buyer; and (g) Borrower has no right of offset, defense or counterclaim to any of its obligations under the Loan Documents.

5. The Guarantor represents and warrants that its Guarantee is in full force and effect.

Borrower: JETRIDE, INC. dba AIRNET PRIVATE CHARTERS

By: /s/ Gary W. Qualmann

3939 International Gateway
(Borrower's Street Address)

Title: CFO

Columbus, Ohio 43219
(City, State, Zip Code)

Guarantor: AIRNET SYSTEMS, INC.

By: /s/ Gary W. Qualmann

3939 International Gateway
(Guarantor's Street Address)

Title: CFO

Columbus, Ohio 43219
(City, State, Zip Code)

Accepted By:

LENDER:

Banc One Leasing Corporation

By: /s/ Diana N. Sadler

Title: VP

BUYER:

PNC Leasing, LLC

By: /s/ M J Colangelo

Title: VP

Address: 2 PNC Plaza, 620 Liberty Avenue, Pittsburgh, PA 15222

**AIRNET SYSTEMS, INC.
Waiver Letter**

November 12, 2004

Joel E. Biggerstaff, Chief Executive Officer
AirNet Systems, Inc.
3939 International Gateway
Columbus, OH 43219

Re: AirNet Systems, Inc. ("AirNet") Credit Facilities

Dear Mr. Biggerstaff:

We refer to that certain Amended and Restated Credit Agreement (the "Credit Agreement") dated May 28, 2004, by and among AirNet, The Huntington National Bank, as agent for and on behalf of the lenders from time to time party thereto (in such capacity, herein "Agent"), Bank One, N.A. (Main Office Columbus) ("Bank One"), Fifth Third Bank ("Fifth Third") and The Huntington National Bank as a lender and the LC Issuer (in such capacity, herein "Huntington"). Each capitalized term used but not otherwise defined in this letter agreement (including all Exhibits hereto) shall have the meaning ascribed to it in the Credit Agreement.

We have been advised that, during the third quarter of 2004, AirNet has recognized a \$47,009,153.00 non-recurring, non-cash impairment charge related to its cargo aircraft assets and goodwill (herein, the "Impairment Charge"). Solely as a result of the impact of the Impairment Charge on AirNet's financial statements, AirNet has, as of September 30, 2004, breached the financial covenants set forth in Sections 6.24.1 ("Fixed Charge Coverage Ratio"), 6.24.2 ("Leverage Ratio") and 6.24.3 ("Minimum Tangible Net Worth") of the Credit Agreement. The existing violation (*which occurred as of September 30, 2004 solely as a result of the Impairment Charge*) of each of the above referenced financial covenants constitutes a Default under Section 7.3 of the Credit Agreement and is referred to herein as the "Existing Financial Covenant Default." Agent has discussed said Existing Financial Covenant Default with the Lenders, and hereby provides formal notice of the same to each Lender pursuant to Sections 9.9 and 12.14 of the Credit Agreement.

Each of Huntington and Bank One hereby consent to the waiver by Agent of the Existing Financial Covenant Default. Huntington and Bank One presently hold more than 51% of the Term Loans and the Aggregate Revolving Commitment and, as such, constitute Required Lenders for purposes of consenting to such waiver.

Pursuant to the authority referenced above, Agent, for itself and on behalf of the Lenders, hereby waives the Existing Financial Covenant Default (notwithstanding Sections 6.24.1, 6.24.2, 6.24.3 and 7.3 of the Credit Agreement as in effect on September 30, 2004 and at all times prior to the date hereof), and acknowledges that the Impairment Charge alone shall not be deemed to give rise to a Material Adverse Effect under Section 5.5 of the Credit Agreement, it being understood and agreed that (i) except for the waiver of the Existing Financial Covenant Default, neither the Agent nor any Lender has granted any waiver of any Default, Unmatured Default, breach or violation of the Loan Documents (including, without limitation, Section 6.24 thereof) which has occurred and/or is existing, or may occur and/or be existing in the future; and (ii) the foregoing waiver of the Existing Financial Covenant Default is contingent upon the execution and delivery by AirNet and the Guarantors of a certain Change in Terms Agreement effective as of the date hereof, pursuant to which certain provisions of the Credit Agreement shall be modified (said Change in Terms Agreement to constitute one of the "Loan Documents"); and (iii) Agent, for itself and on behalf of the Lenders hereby reserves all rights with respect to AirNet and the Guarantors under the Loan

Documents, at law or in equity, with respect to any matter, Default or Unmatured Default, now existing or hereafter arising, existing, occurring or continuing, which does not constitute the Existing Financial Covenant Default, and, with respect to any such matter, Default or Unmatured Default, Agent and the Lenders shall at any time be entitled to enforce any of their respective rights and remedies, under the Loan Documents and otherwise, against AirNet and/or the Guarantors.

Agent, for itself and on behalf of the Lenders, hereby acknowledges and agrees that (i) AirNet's notification to Agent of the Existing Financial Covenant Default has satisfied AirNet's obligation under Section 6.3 of the Credit Agreement to notify the Lenders of any Default, and (ii) the recognition of the Impairment Charge shall, for purposes of the Credit Agreement, not constitute a material decline in the value of the Collateral under the Security Documents that would give rise to a Default under Section 7.17 of the Credit Agreement or support a demand from Lenders that additional security be provided under such section.

The foregoing is given subject to the following:

1. Each of AirNet, AMI, Float, Jetride, Timexpress and Fast Forward hereby acknowledge and agree that, (i) after giving effect to the express terms and provisions of this letter agreement and the waiver of the Existing Financial Covenant Default provided by the Lenders and Agent herein, each and all of the terms, covenants and conditions of, and the obligations of each of them under, all Loan Documents shall remain in full force and effect and each such party ratifies and confirms its obligations under the Loan Documents and each confession of judgment or cognovit provision contained in the Loan Documents; (ii) upon the request of Agent or the Required Lenders, each of them shall enter into such additional documents and/or agreements as are customarily required of credit parties by any of the Lenders in connection with waivers and/or loan modifications; (iii) neither this letter agreement, the waiver given pursuant hereto, nor any previous modification, extension or compromise entered into with respect to any indebtedness of AirNet and/or any Guarantor to Agent and/or the Lenders (whether or not the same was in writing) shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future release, modification, extension, waiver or compromise; (iv) after giving effect to the express terms and provisions of this letter agreement and the waiver of the Existing Financial Covenant Default provided by the Lenders and Agent herein, each of the representations and warranties made in the Loan Documents is true and correct in all material respects as of the date of this letter agreement (except to the extent the Impairment Charge could be construed to be a "Material Adverse Effect" under Section 5.5 of the Credit Agreement); and (v) no event or condition exists which constitutes a Default or Unmatured Default under the Loan Documents (except for the Existing Financial Covenant Default waived hereby).
2. Contemporaneously with or prior to the execution of this letter agreement by Agent, Agent shall have received (i) this letter agreement, fully executed by AirNet and each Guarantor, (ii) the Change in Terms Agreement referenced above, fully executed by AirNet and each Guarantor, (iii) payment of the fees and expenses shown on the Disbursement Schedule signed by AirNet and each Guarantor as of the date hereof, and (iii) all other items and documents reasonably requested by Agent.

Please acknowledge the foregoing agreement by signing and returning to us executed counterparts of this letter agreement.

Very truly yours,

The Huntington National Bank, as Agent

By: /s/ Steven Clemens
Steven Clemens, Vice President Loan Syndications

Acknowledged and Agreed:

AirNet Systems, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, Chief Executive Officer

WARNING – BY SIGNING THIS PAPER YOU GIVE UP YOUR RIGHT TO NOTICE AND COURT TRIAL. IF YOU DO NOT PAY ON TIME A COURT JUDGMENT MAY BE TAKEN AGAINST YOU WITHOUT YOUR PRIOR KNOWLEDGE AND THE POWERS OF A COURT CAN BE USED TO COLLECT FROM YOU REGARDLESS OF ANY CLAIMS YOU MAY HAVE AGAINST THE CREDITOR WHETHER FOR RETURNED GOODS, FAULTY GOODS, FAILURE ON HIS PART TO COMPLY WITH THE AGREEMENT, OR ANY OTHER CAUSE.

Jetride, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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Float Control, Inc., a
Michigan corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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AirNet Management, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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Fast Forward Solutions, LLC, an
Ohio limited liability company

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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timexpress.com, inc. an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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The undersigned Lenders hereby evidence their consent to the foregoing:

Bank One, N.A. (Main Office Columbus),
a national banking association

By: /s/ Warren Bebinger
Warren Bebinger, First Vice President

The Huntington National Bank,
a national banking association

By: /s/ John M. Luehmann
John M. Luehmann, Vice President

cc Kristie Nicolosi, Fifth Third Bank (via facsimile 614-744-7606)
Warren Bebinger, Bank One, N.A. (via facsimile 614-248-5518)
John M. Luehmann, The Huntington National Bank (via facsimile 614-480-5791)

**AIRNET SYSTEMS, INC.
Change in Terms Agreement**

THIS CHANGE IN TERMS AGREEMENT (this "Change in Terms"), is made and entered into effective as of November 12, 2004, by and between AirNet Systems, Inc., an Ohio corporation ("Borrower") and The Huntington National Bank, a national banking association, with a banking office at 41 South High Street, Columbus, Ohio 43215, in its capacity as administrative agent ("Agent") for and on behalf of the Lenders from time to time party to the Credit Agreement described below. Each capitalized term used but not otherwise defined herein shall have the meaning ascribed to it in the Credit Agreement.

BACKGROUND INFORMATION

A. Pursuant to the Amended and Restated Credit Agreement dated as of May 28, 2004 (as the same may be amended, modified, supplemented, extended, restated or replaced from time to time, the "Credit Agreement") among Borrower, the Lenders, and the Agent, the Lenders agreed to provide certain credit facilities to the Borrower (collectively, the "Loans").

B. Borrower, having failed to comply with the financial covenants required pursuant to Section 6.24 of the Credit Agreement, has requested that Agent (i) waive the Default existing under the Credit Agreement as a result of Borrower's failure to maintain such financial covenants, and acting upon the authority of the Required Lenders, Agent has agreed to do so on certain conditions, including without limitation, that Borrower enter into this Change in Terms.

AGREEMENT

NOW THEREFORE, in consideration of the mutual covenants and agreements contained herein, Agent and Borrower hereby agree as follows:

1. *Change in Terms.* The Credit Agreement, and, to the extent applicable, the other Loan Documents, are hereby modified to provide as follows:

a. *Definitional Modifications.*

(i) The definition of "Consolidated EBIT," as set forth in Section 1.1 of the Credit Agreement, is hereby revised and replaced in its entirety by the following:

"Consolidated EBIT" means, with respect to any period, Consolidated Net Income *plus*, (a) to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) income tax expense, calculated for the Borrower and its Subsidiaries on a consolidated basis, and (iii) extraordinary losses (determined in accordance with Agreement Accounting Principles) incurred other than in the ordinary course of business, calculated for the Borrower and its Subsidiaries on a consolidated basis, *plus* (b) for the fiscal quarter ending September 30, 2004 only, an amount equal to \$47,009,153.00 (which reflects the non-cash impairment charge recognized by Borrower in the fiscal quarter ending September 30, 2004), *minus*, to the extent included in Consolidated Net Income, extraordinary gains (determined in accordance with Agreement Accounting Principles) realized other than in the ordinary course of business, calculated for the Borrower and its Subsidiaries on a consolidated basis.

(ii) The definition of “Consolidated EBITDA,” as set forth in Section 1.1 of the Credit Agreement, is hereby revised and replaced in its entirety by the following:

“Consolidated EBITDA” means with respect to any period, Consolidated Net Income *plus*, (a) to the extent deducted from revenues in determining Consolidated Net Income, (i) Consolidated Interest Expense, (ii) income tax expense, calculated for the Borrower and its Subsidiaries on a consolidated basis, (iii) depreciation, calculated for the Borrower and its Subsidiaries on a consolidated basis, (iv) amortization, calculated for the Borrower and its Subsidiaries on a consolidated basis; and (v) extraordinary losses (determined in accordance with Agreement Accounting Principles) incurred other than in the ordinary course of business, calculated for the Borrower and its Subsidiaries on a consolidated basis, *plus* (b) for the fiscal quarter ending September 30, 2004 only, an amount equal to \$47,009,153.00 (which reflects the non-cash impairment charge recognized by Borrower in the fiscal quarter ending September 30, 2004), *minus*, to the extent included in Consolidated Net Income, extraordinary gains (determined in accordance with Agreement Accounting Principles) realized other than in the ordinary course of business, calculated for the Borrower and its Subsidiaries on a consolidated basis.

b. Tangible Net Worth. Section 6.24.3 of the Credit Agreement is hereby revised and replaced in its entirety by the following:

Section 6.24.3 Minimum Tangible Net Worth. The Borrower will at all times maintain Consolidated Tangible Net Worth of not less than (i) as of Borrower's fiscal year-end 2004, \$46,000,000.00, (ii) as of the last day of each of Borrower's fiscal years thereafter, that amount which is equal to the sum of the minimum Consolidated Tangible Net Worth required to be maintained by Borrower in accordance with this Section as of the last day of Borrower's prior fiscal year, plus 50% of Consolidated Net Income for such prior fiscal year; provided that, in any case, if such Consolidated Net Income is negative in any fiscal year, the amount added in the subsequent fiscal year shall be zero.

2. Truth of Representations and Warranties; No Defaults. Borrower hereby represents and warrants that the following are true and correct as of the date of this Change in Terms:

(a) After giving effect to that certain letter agreement dated of even date herewith by and among Borrower (herein, the “Waiver”), the Guarantors and Agent and the waiver provided therein, the representations and warranties of Borrower and the Guarantors contained in the Loan Documents to which each is a party are true and correct on and as of the date of this Change in Terms as if made on and as of such date, unless stated to relate to a specific earlier date;

(b) No event or condition exists which constitutes a breach, Default or Unmatured Default under the Loan Documents;

(c) All financial information heretofore provided to Agent and/or the Lenders in connection with the indebtedness made pursuant to the Loan Documents is true, accurate and complete in all material respects;

(d) Neither this Change in Terms nor any other document, certificate or written statement furnished to Agent and/or the Lenders in connection with the indebtedness evidenced and secured by the Loan Documents contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein and therein not misleading;

(e) Borrower and the Guarantors have full power and authority (i) to execute, deliver and perform, or to acknowledge and agree to the terms and provisions of, this Change in Terms, as applicable, and (ii) to incur the obligations provided for herein, all of which have been duly authorized by all necessary and proper corporate or limited liability company action, as applicable;

(f) No consent, waiver or authorization of, or filing with, any person or any governmental authority is required to be made or obtained by Borrower or the Guarantors in connection with the borrowings under the Loan Documents, or the execution, delivery, performance, validity or enforceability of this Change in Terms;

(g) This Change in Terms and the Loan Documents constitute the legal, valid and binding obligation of Borrower and the Guarantors enforceable against them in accordance with the terms hereof and thereof, as applicable; and

(h) The execution and delivery by Borrower and the Guarantors of this Change in Terms and the performance by Borrower and the Guarantors of the Loan Documents to which each is a party, as modified by this Change in Terms and by the Waiver: (i) do not and will not violate any law or regulation; (ii) do not and will not violate any order, decree or judgment by which Borrower or the Guarantors, as applicable, are bound; (iii) do not and will not violate or conflict with, result in a breach of or constitute (with notice, lapse of time, or otherwise) a default under any material agreement, mortgage, indenture or other contractual obligation to which Borrower or any of the Guarantors is a party, or by which Borrower's or any of the Guarantors' properties are bound; and (iv) do not and will not result in the creation or imposition of any lien upon any property or assets of Borrower or any of the Guarantors.

3. Ratification of Loan Documents. This Change in Terms constitutes only a modification of the Credit Agreement and the other Loan Documents and Borrower hereby acknowledges, ratifies and confirms all of the provisions thereof, except as herein expressly modified, including provision for the acceleration of the maturity of the Loans, and for the enforcement by Agent and/or the Lenders of all remedies any of them may have according to law. In addition, Borrower acknowledges, ratifies and confirms any and all security interests previously granted in connection with the Loans as continuing in full force and effect.

4. No Course of Dealing; Waiver. Borrower expressly acknowledges and agrees that the execution of this Change in Terms shall not constitute a waiver of, and shall not preclude the exercise of, any right, power or remedy granted to Agent and/or the Lenders in the Loan Documents, or as provided by law, except to the extent expressly provided herein. No previous modification, extension or compromise entered into with respect to any indebtedness of Borrower to Agent and/or the Lenders shall constitute a course of dealing or be inferred or construed as constituting an express or implied understanding to enter into any future modification, extension or compromise, whether or not the same was in writing. No past, present or future delay on the part of Agent and/or any Lender in exercising any right, power or remedy shall operate as a waiver thereof, or otherwise prejudice Agent's or any Lender's rights, powers or remedies.

5. Promise to Pay. Borrower hereby covenants and promises to pay to the order of Agent, the unpaid principal balance of the Loans, together with interest as provided in the Credit Agreement and the other Loan Documents, and hereby promises to perform all of the covenants, conditions, stipulations and agreements as contained in the Loan Documents and in any other document or instrument executed in connection therewith or referencing the same (as modified by this Change in Terms).

6. Setoffs, Claims and Defenses. Borrower hereby certifies that, as of the date hereof, it has no setoffs, counter-claims or other defenses of any nature whatsoever to the payment of any part of the obligations owed to Agent and/or any Lender as of the date of execution of this Change in Terms.

7. Governing Law. This Change in Terms shall be interpreted and construed in accordance with and governed by the laws of the State of Ohio (without respect to conflict of law principles). Further, the parties hereto intend that this Change in Terms shall be in compliance with all applicable laws and shall be enforceable in accordance with its terms. If any provision of this Change in Terms shall be illegal or unenforceable with respect to the Loan Documents, such provision shall be deemed cancelled to the extent necessary, but the remaining provisions shall not be affected hereby.

8. Further Assurances. Borrower and the Guarantors further agree to execute and deliver any and all further documents and to take any and all other steps or actions reasonably deemed necessary by Agent to effectuate this Change in Terms.

9. Affirmation of Other Obligors. Upon the request of Agent, Borrower shall obtain the acknowledgment and acceptance by each other party obligated in any way with respect to the Loans or otherwise in connection with the credit extended pursuant to the Credit Agreement, including, without limitation, the Guarantors and any other guarantor, co-borrower, pledgor or other accommodation party or party granting collateral security for the Loans and other obligations under the Loan Documents and otherwise, that the obligations and agreements of each such party to the Lenders and/or the Agent under the Loan Documents, as applicable, or otherwise, shall continue in full force and effect with respect to the indebtedness evidenced and secured by the Loan Documents, irrespective of any modification made in this Change in Terms, which acknowledgement and acceptance shall be in a writing executed by each such party and satisfactory to Agent.

10. Acknowledgment by Lenders. This Change in Terms shall only be effective upon the acknowledgment, consent and acceptance by the Required Lenders, which acknowledgement, consent and acceptance shall be evidenced by execution of this Change in Terms by Lenders constituting the Required Lenders.

11. Successors and Assigns. This Change in Terms shall be binding upon the parties hereto and their respective successors and assigns, and shall inure to the benefit of Agent and its successors and assigns.

12. Costs and Expenses. Borrower also agrees to reimburse Agent for all costs and expenses incurred in the preparation, execution and delivery of this Change in Terms, including reasonable attorneys' fees.

13. Titles and Headings. The titles and headings herein are intended to promote convenience and are not a part of this Change in Terms for purposes of interpreting and applying the provisions hereof.

14. Counterparts. This Change in Terms may be executed in any number of counterparts, all of which taken together shall constitute one agreement, and any of the parties hereto may execute this Change in Terms by signing any such counterpart. This Change in Terms shall be effective when it has been executed by Borrower, Agent, the Required Lenders and the Guarantors.

15. WAIVER OF JURY TRIAL. BORROWER AND AGENT HEREBY WAIVE TRIAL BY JURY IN ANY JUDICIAL PROCEEDING INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER (WHETHER SOUNDING IN TORT, CONTRACT OR OTHERWISE) IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS CHANGE IN TERMS OR ANY OF THE LOAN DOCUMENTS OR THE RELATIONSHIP ESTABLISHED HEREUNDER OR THEREUNDER.

16. Confession of Judgment. Borrower hereby irrevocably authorizes any attorney-at-law, including any attorney-at-law employed or retained by Agent to appear for it in any action on this Change in Terms or any of the Loan Documents at any time after the same becomes due as herein or therein provided in any court of record situated in the county where this warrant was signed (being Franklin County, Ohio), or in the county where Borrower then resides or can be found, to waive the issuing and service of process, and confess a judgment in favor of the holder of this Change in Terms and any such Loan Documents against Borrower, for the amount that may then be due, with interest at the rate(s) provided for herein, together with the costs of suit, and to waive and release all errors in said proceedings and the right to appeal from the judgment rendered. Borrower consents to the jurisdiction and venue of such court. Borrower waives any conflict of interest that any attorney-at-law employed or retained by

Agent may have in confessing judgment hereunder and consents to the payment of a legal fee to any attorney-at-law confessing judgment hereunder.

IN WITNESS WHEREOF, Borrower and Agent have caused this Change in Terms to be executed effective as of the day and year first above written.

BORROWER:
AirNet Systems, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, Chief Executive Officer

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AGENT:
The Huntington National Bank,
a national banking association, as Agent

By: /s/ Steven P. Clemens
Steven P. Clemens, Vice President

ACKNOWLEDGMENT OF LENDERS

The undersigned Lenders hereby acknowledge, consent to, and accept all of the provisions of the foregoing Change in Terms.

The Huntington National Bank,
an national banking association

By: /s/ John M. Luehmann
John M. Luehmann, Vice President

Bank One, N.A. (Main Office Columbus)
an national banking association

By: /s/ Warren Bebinger
Warren Bebinger, First Vice President

ACKNOWLEDGMENT OF GUARANTORS

The undersigned Guarantors hereby acknowledge, accept and agree to each of the provisions of the foregoing Change in Terms and ratify and confirm that all of the provisions of the Loan Documents to which each such Guarantor is a party, including, without limitation, the Subsidiary Guaranty, the Fast Forward Guaranty, the Timexpress Guaranty, as applicable, and the Security Agreements, and all obligations and liabilities of each such Guarantor in favor of Agent and/or the Lenders thereunder and otherwise, and all liens, security and other interests granted thereby, shall continue and remain in full force and effect, irrespective of any provision of the above Change in Terms, the Waiver, or any other or future modification of the Loan Documents or the terms of the credit extended, evidenced and secured thereby.

GUARANTORS:

Jetride, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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Float Control, Inc., a
Michigan corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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AirNet Management, Inc., an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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Fast Forward Solutions, LLC, an
Ohio limited liability company

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

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timexpress.com, inc. an
Ohio corporation

By: /s/ Joel E. Biggerstaff
Joel E. Biggerstaff, President

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Joel E. Biggerstaff, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AirNet Systems, Inc. for the quarterly period ended September 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2004

/s/ Joel E. Biggerstaff

Printed Name: Joel E. Biggerstaff
Title: Chairman of the Board, Chief
Executive Officer and President
(Principal Executive Officer)

RULE 13a-14(a)/15d-14(a) CERTIFICATION

I, Gary W. Qualmann, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of AirNet Systems, Inc. for the quarterly period ended September 30, 2004;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a -15(e) and 15d -15(e)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 15, 2004

/s/ Gary W. Qualmann

Printed Name: Gary W. Qualmann
Title: Chief Financial Officer, Treasurer
and Secretary
(Principal Financial Officer)

SECTION 1350 CERTIFICATION *

In connection with the Quarterly Report of AirNet Systems, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Joel E. Biggerstaff, Chairman of the Board, President and Chief Executive Officer of the Company, certify, pursuant to Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Joel E. Biggerstaff
Joel E. Biggerstaff

Title: Chairman of the Board, Chief Executive
Officer and President
(Principal Executive Officer)

Date: November 15, 2004

*This certification is being furnished as required by Rule 13a -14(b) under Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.

SECTION 1350 CERTIFICATION *

In connection with the Quarterly Report of AirNet Systems, Inc. (the "Company") on Form 10-Q for the quarterly period ended September 30, 2004 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Gary W. Qualmann, Chief Financial Officer, Treasurer and Secretary, certify, pursuant Section 1350 of Chapter 63 of Title 18 of the United States Code, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that, to the best of my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Gary W. Qualmann
Gary W. Qualmann

Title: Chief Financial Officer, Treasurer, and
Secretary
(Principal Financial Officer)

Date: November 15, 2004

*This certification is being furnished as required by Rule 13a-14(b) under Securities Exchange Act of 1934 (the "Exchange Act") and Section 1350 of Chapter 63 of Title 18 of the United States Code, and shall not be deemed "filed" for purposes of Section 18 of the Exchange Act or otherwise subject to the liability of that Section. This certification shall not be deemed to be incorporated by reference into any filing under the Securities Act of 1933 or the Exchange Act, except as otherwise stated in such filing.