



Canadian
Transportation
Agency

Office
des transports
du Canada

CHARTER PERMIT APPLICATION GUIDE

for

Canadian Originating
Transborder Passenger Charters

(TPC)

Application filed pursuant to the
Air Transportation Regulations (ATR)



October 2003

available in multiple formats

Canada 

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I CANADIAN ORIGINATING TRANSBORDER PASSENGER CHARTERS (TPC)

1) LEGISLATIVE REFERENCES

Part IV, Sections 76 to 78 of the *Air Transportation Regulations* (ATR)

Part IV, Division I, Sections 79 to 86 of the ATR

Part IV, Division II, Sections 87 to 98 of the ATR

Part V, Division III, Sections 135.1 to 135.4 of the ATR

2) DEFINITION:

"**Transborder passenger charter**" or "**TPC**" means a one-way or return charter that originates in Canada and that is operated between Canada and the United States according to the conditions of a charter contract to carry passengers, entered into between one or two air carriers and one or more charterers, under which the charterer or charterers charter the entire passenger seating capacity of an aircraft, for resale by the charterer or charterers.

3) CARRIER MUST HOLD:

Non-Scheduled International licence: valid for charter operations between Canada and the United States

Insurance certificate: adequate insurance coverage pursuant to section 7 of the ATR

Operating certificate: must reflect aircraft type to be used for the operation (this document is issued by Transport Canada)

NOTE: TPC charter permits are required only for operations with aircraft having a maximum certificated take-off weight (MCTOW) greater than 35,000 lbs

4) FILING TIME

A TPC application must be filed not less than **15 days** prior to the flight or the first of a series of flights.

5) MINIMUM STAY REQUIREMENT

There is no minimum stay requirement for TPC charters.

6) WHAT DOCUMENTATION A CARRIER MUST SUBMIT:

- a) Charter contract dated, and signed by both the carrier and charterer, must specify the following:
- the aircraft type and passenger seating capacity for each charter;
 - the maximum number of seats allocated for passengers originating in Canada on each charter;
 - every airport of enplanement or point of departure and every airport of deplanement or point of destination of each charter;
 - the dates and times of arrival and departure at every point of each charter;
 - the routing of each charter, including technical stop, if any;
 - the name, address, telephone and facsimile number of each charterer and the valid and subsisting licence or registration number with expiry date of every charterer under any law of a province that requires travel agents or wholesalers to be licensed or registered;
 - the detailed calculation of the total charter price to be paid by each charterer to the air carrier;
 - the dates on which the payments of the total charter price are to be made, on the page of the charter contract that bears the signatures of both the air carrier and the charterer. Such payments shall be at least seven days before the date of each charter and shall be in accordance with the air carrier's tariff in effect on the date the charter contract is signed.
 - a statement, on the page of the charter contract that bears the signatures of both the air carrier and the charterer, that no advance payments will be received by the air carrier prior to the charterer having in its possession the original of a letter of credit and of any amendment thereto or, in the case of any other financial guarantee (ie. Agreement of guarantee), a copy of the financial guarantee and of any amendment thereto and signed documentation, in a form provided by the Agency, that establishes that the advance payments received by the air carrier for each charter or series of charters are protected.
- b) i) A financial guarantee respecting the charter or series of charters that is provided by a Canadian financial institution in a form provided by the Agency i.e.: Letter of Credit or Agreement of guarantee. This financial guarantee must fully protect any advance payment in respect of the charter or series of charters from the time the advance payment is received by the air carrier.
- ii) A signed and witnessed statement by each charterer in a form provided by the Agency that certifies that the charterer is in possession of;

- where the financial guarantee is a letter of credit, the original of the letter of credit and of all the amendments thereto respecting the TPC or series of TPCs, or;
- in any other case (ie. Agreement of guarantee), a copy of the financial guarantee and of all amendments thereto respecting the TPC or series of TPCs (statement to be provided in Schedule "A").

7) **CHARTER AUTHORIZATION**

A carrier using aircraft having a MCTOW greater than 35,000 lbs. may request from the Agency a charter authorization, that would be valid for a period of up to one year, which would allow the carrier to operate a TPC or series of TPCs without the requirement to obtain a program permit for the TPC or series of TPCs:

Such charter authorization would only be granted by the Agency if the carrier;

- 1) holds a financial guarantee and files a copy of same with the Agency,
- 2) files with the Agency proof that verifiable monitoring, compliance and disclosure systems have been instituted to enable the air carrier to ensure that the level of protection specified in the guarantee is such that all advance payments are fully protected at all times,
- 3) submits to the Agency or its authorized personnel, within 30 days after the end of each month, a report setting out the details of the TPC or series of TPCs that were operated pursuant to the charter authorization during the previous month.

For further details concerning the charter authorization, you may wish to refer to the Charter Authorization Guide, which can be obtained by contacting the Financial Evaluation Division at telephone number (819) 953-8959 or by telefax number (819) 953-5562.

II SAMPLES OF VARIOUS DOCUMENTS

For your convenience, please find attached samples of the various documents that must be submitted when filing a Canadian originating TPC application.

III GENERAL

Charter division contact numbers:

- The facsimile number for the charter division of the Canadian Transportation Agency is 819-953-5572.
- For further information on this guide, you can contact one of the [Team Leaders](#).¹
- The charter division also has an after hours service which can be used for emergency situations occurring at night or during weekends and Holidays. The telephone number is 613-769-6274.

The licensee must contact:

- Transport Canada, for compliance with security requirements (General Inquiries 613-990-2309);
- The local airport authority for permission to operate at specific times or for the use of any airport facility;
- Canada Border Services Agency regarding the availability of clearance services and hours of operation of the port of entry (General Inquiries in English 204-983-3500 or 506-636-5064).

SHOULD THERE BE ANY DISCREPANCY BETWEEN WHAT IS CONTAINED IN THIS DOCUMENT AND WHAT IS CONTAINED IN THE CANADA TRANSPORTATION ACT AND THE AIR TRANSPORTATION REGULATIONS, THE CANADA TRANSPORTATION ACT AND THE AIR TRANSPORTATION REGULATIONS SHALL PREVAIL.

¹ <http://sage-geds.tpsgc-pwgsc.gc.ca/cgi-bin/direct500/eng/SEou%3dRACD-DARC%2cou%3dIRDB-DGRDI%2cou%3dCTA-OTC%2co%3dGC%2cc%3dCA?SV=Team+Leader&SF=Title&ST=begin+with&x=1&y=1>

CHARTER TRANSPORTATION AGREEMENT

TYPE OF CHARTER : **TPC**

AIRCRAFT:

SEATING CAPACITY:

CONTRACT NUMBER:

MAXIMUM NUMBER OF SEATS ALLOCATED TO CANADIAN ORIGIN PASSENGERS:

This Agreement made this _____ day of _____, _____

BETWEEN _____ (hereinafter called "Carrier")

AND _____ (hereinafter called "Charterer")
(Address of Charterer and Fax Number)

Licence or Registration Number: _____ Expiry Date: _____

WHEREAS the Carrier shall provide aircraft with crew on a charter basis and the Charterer shall charter same, as hereinafter described, in accordance with and subject to the terms and conditions of this Agreement, and any appendices hereto, all of which shall be governed by the applicable tariffs of the Carrier filed pursuant to law with the Canadian Transportation Agency, the *Aeronautics Act*, the *Canada Transportation Act* and other regulations pertinent thereto.

NOW THEREFORE in consideration of the mutual covenants hereinafter set forth, the parties hereto agree:

(Provide details of flight schedule)

DATES	ORIGIN	DESTINATION	TRAFFIC STOPS	LIVE/FERRY	CONTRACTED SEATS

PAYMENT

DUE DATE

AMOUNT

LIVE SECTOR CHARGE: _____

DEPOSIT: _____

FERRY SECTOR CHARGE: _____

FIRST: _____

OTHER CHARGE: _____

SECOND: _____

TAXES: _____

BALANCE: _____

TOTAL: _____

TOTAL CHARTER PRICE: _____

Payment for each rotation will be payable () days prior to departure.

This Agreement shall be interpreted in accordance with the laws of _____

(province, state or country)

ON BEHALF OF THE AIR CARRIER**ON BEHALF OF THE CHARTERER**

SIGNATURE _____

SIGNATURE _____

PER _____

PER _____

TITLE _____

TITLE _____

WITNESS _____

WITNESS _____

CONTRACT NO.: _____

FLIGHT SCHEDULE

Charter Type: **TPC**

Routing: QUEBEC/LAS VEGAS/QUEBEC

<u>DATE</u>	<u>ORIGIN/DESTINATION</u>	<u>(NAME OF CHARTERER)</u>	SEATS CONTRACTED
10-MAR-96	YQB/LAS		228
10-MAR-96	LAS/YQB		---
17-MAR-96	YQB/LAS		228
17-MAR-96	LAS/YQB		228
24-MAR-96	YQB/LAS		228
24-MAR-96	LAS/YQB		228
31-MAR-96	YQB/LAS		---
31-MAR-96	LAS/YQB		228

MARCH 10, 1996 FLIGHT LIVE/FERRY

MARCH 31, 1996 FLIGHT FERRY/LIVE

NOTE: *No air carrier shall operate a TPC unless the entire passenger seating capacity of the aircraft is chartered by one or more charterers or a combination of charterers and United States charterers for resale.
Should the flights be operated on a co-mingled basis, please ensure that the flight schedule reflects the seats contracted by both the Canadian and the U.S. charterers.*

Proposed departure and arrival times: (Local times)

CHARTERER: _____

CONTRACT NO.: _____

CALCULATION OF CHARTER PRICE

MILEAGE REFERENCE:

IATA/IAL Air Distances manual:

IATA mileage manual:

International aeraodio ltd.: ___ Other, please Identify:

LIVE:**FERRY:**

(ORIGIN/DESTINATION) XXXX (MILES)

(ORIGIN/DESTINATION) XXXX (MILES)

COMPUTATION:

<u>R/T MILEAGE</u>	<u>RATE</u>	<u>NUMBER OF SEATS</u>	<u>NUMBER OF ROTATIONS</u>	<u>TOTAL</u>
(LIVE)	___X	__ X	___ X	=
(FERRY)	___X	__ X	___ X	=

TOTAL CHARTER PRICE: _____

HANDLING: _____

TOTAL CONTRACT PRICE: _____ CA \$

NO ADVANCE PAYMENTS FOR THESE FLIGHTS WILL BE RECEIVED BY (HEREINAFTER REFERRED TO AS THE CARRIER) PRIOR TO THE CHARTERER HAVING IN ITS POSSESSION A COPY OF THE AGREEMENT OF GUARANTEE AND ANY AMENDMENT THERETO, TOGETHER WITH THE SCHEDULE A SIGNED BY THE CARRIER, THE FINANCIAL INSTITUTION AND THE CHARTERER WHICH DEMONSTRATES THAT THE ADVANCE PAYMENTS TO BE RECEIVED BY THE CARRIER IN RESPECT OF THIS CHARTER CONTRACT ARE PROTECTED.

OR

NO ADVANCE PAYMENTS FOR THESE FLIGHTS WILL BE RECEIVED BY (HEREINAFTER REFERRED TO AS THE CARRIER) PRIOR TO THE CHARTERER HAVING IN ITS POSSESSION THE ORIGINAL OF A LETTER OF CREDIT AND OF ANY AMENDMENT THERETO, WHICH DEMONSTRATES THAT THE ADVANCE PAYMENTS TO BE RECEIVED BY THE CARRIER IN RESPECT OF THIS CHARTER CONTRACT ARE PROTECTED.

ON BEHALF OF THE AIR CARRIER

ON BEHALF OF THE CHARTERER

SIGNATURE

SIGNATURE

PER _____

PER _____

TITLE _____

TITLE _____

AGREEMENT OF GUARANTEE

AGREEMENT OF GUARANTEE entered into this _____ day of _____, _____
(month) (year)

at _____ Canada, between
(name of City, Town, etc. and Province or Territory)

_____ (the "Carrier"),
(name of air carrier)

and _____ (the "Surety").
(name of Surety)

WHEREAS, the Carrier is required by the *Air Transportation Regulations* of the *Canada Transportation Act* to ensure that all advance payments paid by Charterers under certain air charter transportation contracts set out from time to time in Schedule "A" hereto (the "Charter Contract(s)") representing the unperformed portion of contracted transportation services (the "Advance Payments") are fully protected for the benefit of and in the name of the Charterers;

WHEREAS, the Carrier has requested the Surety to guarantee its prompt performance of such financial obligations; and

WHEREAS, the Surety has agreed at the request of the Carrier to provide the Charterers identified in the Charter Contracts with such guarantee upon the terms and conditions hereinafter set forth;

NOW THEREFORE, in consideration of the premises and covenants and agreements herein contained and the payment of fees by the Carrier to the Surety on its own behalf and on behalf of the Charterers, the parties agree as follows:

- 1. (a) Where the Carrier
 - (i) cancels the applicable Charter Contract prior to the complete performancethereof, or
 - (ii) has failed to operate or is unable to operate any flight pursuant to the applicable Charter Contract within 36 hours following the fixed time of departure,

the Carrier and the Surety agree that all applicable Advance Payments paid by or on behalf of a Charterer to the Carrier shall be refunded on demand therefore to the Charterer or its duly designated representative (the "Refund Amount").

- (b) The Carrier and the Surety agree that upon the termination of a Charter Contract by a Charterer, the Refund Amount shall be refunded to the Charterer or its duly designated representative.

2. (a) The Surety hereby guarantees the Carrier's performance promptly on demand therefore of its obligations to remit the Refund Amount as described in Paragraph 1 above (the "Refund Obligation"). Should the Carrier become liable under circumstances described in Paragraph 1 above to remit the Refund Amount, and should the Carrier fail to or be unable to promptly make such refund upon written or telegraphic demand made by the Charterer, addressed jointly to the Carrier and the Surety, with a copy dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, the Surety agrees, in accordance with the agreement of the Charterer in Schedule "A" hereto, to pay the Refund Amount, in accordance with the Charterer's direction, into a designated trust account in the name and for the benefit of the Charterer. In such event, the Carrier shall be liable and it hereby agrees to reimburse the Surety for all amounts which the Surety is required to pay as aforesaid and for all reasonable expenses, including interest expenses, which the Surety thereby may have incurred.
- (b) The Surety's obligation pursuant hereto shall be binding as a continuing obligation.
3. Whenever the Surety is required to make a refund payment as provided in Paragraph 2, the Surety agrees to promptly make such payment in Canadian dollars at such place as the Charterer may specify in the manner set forth in that paragraph. Notwithstanding any other provision hereof, in no case shall the Surety be required to pay a sum greater than the aggregate amounts which the Charterer has paid, or on its behalf has been paid, to the Carrier. It is further agreed that the aggregate liability of the Surety under this Agreement of Guarantee is limited to a maximum of 00/100 DOLLARS (CANADIAN) (\$ _____).
4. (a) The liability of the Surety hereunder shall not be affected by:
- (i) any lack of validity or enforceability of any Charter Contract or the failure on the part of the Carrier or any Charterer to carry out any of its obligations under such Charter Contracts,
 - (ii) the bankruptcy, winding up, liquidation, dissolution or insolvency of the Carrier or any Charterer,
 - (iii) any lack of or limitation of power, incapacity or disability on the part of the Carrier or of the directors, partners or agent thereof or any other irregularity, defect or informality on the part of the Carrier in its obligations to any Charterer, or
 - (iv) any law, regulation or other circumstance which might otherwise constitute a defence available to, or discharge of, the Surety in respect of any or all of its obligations hereunder.
- (b) Subject to the limitations and provisions set forth in this Agreement, the Surety agrees to execute individual undertakings in the form set forth

in Schedule "A" to this Agreement with the Carrier and each Charterer in respect of the Charter Contracts entered into between the Carrier and each Charterer.

- (c) A Charterer shall not be bound or obligated to exhaust its recourse against the Carrier or other persons or any securities or collateral that it might hold or to which it might be entitled or to take any other action before being entitled to demand payment from the Surety.
5. (a) This Agreement may only be terminated or amended upon either the Carrier or the Surety giving at least 45 days written notice of termination or amendment to the other and to all Charterers having Advance Payments on deposit with the Carrier with a copy of said notice being dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, and such termination or amendment shall not take effect for a period of at least 45 days from the date notice was given to the Secretary of the Canadian Transportation Agency.
- (b) Any termination or amendment of this Agreement shall in no way prejudice any rights or obligations of the parties acquired hereunder prior to the effective date of such change.
- (c) No amendment to this Agreement shall be valid unless set forth in writing and duly executed by the Carrier and the Surety.
6. This Agreement shall be binding upon the parties hereto, including any Charterers who become parties hereto by virtue of the execution of one or more addenda in the form of Schedule "A" hereto and each shall be entitled to the benefit of this Agreement. This Agreement shall enure to the benefit of and be binding upon the respective successors and permitted assignors of the parties hereto.
7. This Agreement constitutes the entire agreement between the parties hereto with respect to any Refund Obligation of the Surety arising under the Charter Contracts identified in Schedule "A". As such, this Agreement supersedes any prior understandings and agreements between the parties concerning such Charter Contracts.
8. This Agreement shall be governed by and construed in accordance with the laws of the Province of _____

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date hereinbefore set forth.

(name of witness) (signature of authorized person representing the Carrier)

(address of witness)

(address of witness)

(signature of witness)

(name of witness) (signature of authorized person representing the Surety)

(address of witness)

(address of witness)

(signature of witness)

SCHEDULE "A" TO AN AGREEMENT OF GUARANTEE ENTERED INTO THE
DAY OF _____, _____ (THE "GUARANTEE AGREEMENT")
(month) (year)
BETWEEN _____ (THE "CARRIER")
(name of air carrier)
AND _____ (THE "SURETY")
(name of surety)

This Schedule "A" is an attachment to each charter contract (individually, the "Charter Contract") entered into between the Carrier and each of its charterers (the "Charterer(s)") and is also incorporated as a Schedule to the above-referenced Guarantee Agreement entered into between the Carrier and the Surety. In compliance with the requirements of the *Air Transportation Regulations* of the *Canada Transportation Act* and in order to fully protect the Charterers with whom it has contracted, the Carrier has entered into the Guarantee Agreement with the Surety. In consideration of the below-designated Charterer's execution of the Charter Contract and the payment of a fee by the Carrier to the Surety, the Carrier and the Surety have agreed to extend the benefits of the Guarantee Agreement to the Charterer which shall be considered to be a party to the Guarantee Agreement in respect of the following flights contracted for:

Contracted Flights:

(Contract Nos.)

(Contract Nos.)

(signature of authorized person
representing the Carrier)

(date of signature)

(signature of authorized person
representing the Surety)

(date of signature)

Schedule "A" continued

I, _____, am the _____
 (name of authorized person) (title of office)

of _____ and I have reviewed and
 (name of the Charterer)

have in my possession this Schedule "A", and a copy of the Guarantee Agreement entered into on _____.

Further, _____ agrees that
 (name of the Charterer)
 Refund Amounts as described in the Guarantee Agreement and that may be paid to it by the Surety, pursuant to the Guarantee Agreement, will be deposited in a trust account unencumbered to the best of my knowledge by any interest of any secured creditor in the name and for the benefit of _____

(name of the Charterer)

and that monies withdrawn from trust can only be used for the payment of replacement air transportation or to refund proposed users, either directly or through the appropriate travel agent or provincial authority.

I make this statement solely in my capacity as an authorized officer, as aforesaid, and not in my personal capacity.

 (name of witness)

 (signature of authorized person representing the Charterer)

 (address of witness)

 (date of signature of authorized person representing the Charterer)

 (address of witness)

 (signature of witness)

AMENDMENT TO AGREEMENT OF GUARANTEE
ON LESS THAN 45 DAYS NOTICE

Date:

Amendment to Agreement of Guarantee dated _____, between _____, the "Carrier", and _____, the "Surety"

Notwithstanding the requirement contained in the above Agreement of Guarantee that the Agreement may only be terminated or amended upon either the Carrier or the Surety giving at least 45 days written notice of termination or amendment to the other and to all Charterers having advance payments on deposit with the Carrier with a copy of such notice being dispatched to the Canadian Transportation Agency, the Surety and the Carrier hereby agree that the aggregate liability of the Surety under the above-noted Agreement of Guarantee is amended from _____ 00/100 DOLLARS (CANADIAN) (\$)) to _____ 00/100 DOLLARS (CANADIAN) (\$)) effective _____.

This amendment to the Agreement of Guarantee, to come into force on the above-noted effective date, shall be valid only once a copy of this amendment has been given to all Charterers having advance payments on deposit with the Carrier and once a copy has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the Agreement of Guarantee remain unchanged.

(name of witness)

(signature of authorized person representing the Carrier)

(address of witness)

(address of witness)

(signature of witness)

(name of witness)

(signature of authorized person representing the Surety)

(address of witness)

(address of witness)

(signature of witness)

TERMINATION OF AGREEMENT OF GUARANTEE
ON LESS THAN 45 DAYS NOTICE

Date: _____

Termination of Agreement of Guarantee dated _____
between _____ the "Carrier" and
_____ the "Surety"

Notwithstanding the requirement contained in the above Agreement of Guarantee that the Agreement may only be terminated or amended upon either the Carrier or the Surety giving at least 45 days written notice of termination or amendment to the other and to all Charterers having advance payments on deposit with the Carrier with a copy of such notice being dispatched to the Canadian Transportation Agency, the Surety and the Carrier hereby agree to terminate the Agreement effective _____.

Termination of the Agreement of Guarantee on the above-noted effective date shall be valid only once a copy of this termination notice has been given to all charterers having advance payments on deposit with the Carrier and once a copy has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the Agreement of Guarantee remain unchanged.

(name of witness)

(name of authorized person representing the carrier)

(signature of witness)

(signature of authorized person representing the carrier)

(name of witness)

(name of authorized person representing the Surety)

(signature of witness)

(signature of authorized person representing the Surety)

IRREVOCABLE STANDBY LETTER OF CREDIT

FINANCIAL INSTITUTION

(name of financial institution)

(address of financial institution)

(address of financial institution)

BENEFICIARY

(name of beneficiary)

(address of beneficiary)

(address of beneficiary)

EFFECTIVE DATE: _____

EXPIRY DATE: _____

**IRREVOCABLE STANDBY LETTER OF
CREDIT IDENTIFICATION NUMBER**

IRREVOCABLE STANDBY LETTER OF CREDIT FOR

_____ 00/100 DOLLARS (CANADIAN)
(\$ _____).

_____ (the "Bank") establishes in
(name of financial institution)

favour of _____
(name of beneficiary)

(the "Beneficiary") an Irrevocable Standby Letter of Credit for an amount up
to in the aggregate, a maximum of

_____ 00/100 DOLLARS (CANADIAN) (\$ _____).

This Irrevocable Standby Letter of Credit is issued subject to the Uniform Customs and Practice for Documentary Credits, 1993 revision, ICC publication No.500 and engages the parties hereto in accordance with the terms thereof.

This Irrevocable Standby Letter of Credit is issued pursuant to the request of _____ (the "Carrier")
 (name of air carrier)

and to certain air charter transportation contracts (the "Charter Contract(s)") entered into between the Carrier and the Beneficiary. It is issued in accordance with the Air Transportation Regulations of the Canada Transportation Act to ensure that all advance payments paid by the Beneficiary to the Carrier under the Charter Contracts, representing the unperformed portion of contracted transportation services (the "Advance Payments"), are fully protected for the benefit of and in the name of the Beneficiary.

The amount due under this Irrevocable Standby Letter of Credit will be paid to the Beneficiary at its first written demand, in the manner prescribed herein, upon presentation of the following to the Bank:

1. The Beneficiary's signed demand upon the Bank in which it is certified that it is entitled to receive the Advance Payments claimed by it for refund pursuant to this Irrevocable Standby Letter of Credit as such monies are due and payable by the Carrier pursuant to specifically identified Charter Contracts.
2. The Beneficiary's signed declaration which states that:
 - i. the Carrier has cancelled the applicable Charter Contract prior to the complete performance thereof,
 - ii. the Carrier has failed to operate or is unable to operate any flight pursuant to the applicable Charter Contract within 36 hours following the fixed time of departure, or
 - iii. the Beneficiary has cancelled the applicable Charter Contract.

The original of this Irrevocable Standby Letter of Credit.

The Beneficiary's signed declaration that a copy of its demand has been dispatched by registered mail to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9.

The Beneficiary's direction to wire or otherwise deposit the amount specified in the demand to or into a designated trust account in the name and for the benefit of the Beneficiary (the "Trust Account"), pursuant to this Irrevocable Standby Letter of Credit.

The Beneficiary's written acknowledgment that such monies will be withdrawn from trust by the Beneficiary only for the payment of replacement air transportation or to refund proposed users, either directly or through the appropriate travel

agent or provincial authority.

Upon receipt of the foregoing documents, the Bank shall pay to the Beneficiary, as directed, the amount stated in the demand provided that the amount so claimed does not exceed the maximum amount of this Irrevocable Standby Letter of Credit. The Bank shall, in accordance with the direction of the Beneficiary, make payments under this Irrevocable Standby Letter of Credit directly into the Trust Account.

The Bank's obligation pursuant hereto shall be binding as a continuing obligation.

This Irrevocable Standby Letter of Credit may only be terminated or amended upon the parties hereto, including the Beneficiary, giving at least 45 days written notice of termination or amendment to the Secretary, Canadian Transportation Agency, Ottawa, Ontario, K1A 0N9, and such termination or amendment shall not take effect for a period of at least 45 days from the date notice was given to the Secretary of the Canadian Transportation Agency.

Any termination or amendment of this Irrevocable Standby Letter of Credit shall in no way prejudice any rights or obligations of the parties, including the Beneficiary, acquired hereunder prior to the effective date of such change.

No amendment to this Irrevocable Standby Letter of Credit shall be valid unless set forth in writing and executed by the Bank and agreed to by the Beneficiary.

This Irrevocable Standby Letter of Credit shall be governed by and construed in accordance with the laws of the Province of _____, and by the laws of Canada applicable therein.

(name of authorized representative of Bank)

(signature of authorized representative of Bank)

STATEMENT FOR IRREVOCABLE LETTERS OF CREDIT

I, _____ am the _____
 (name of authorized person) (title of officer)

of _____, and I have reviewed and have in my possession the currently
 (name of charterer)

valid, subsisting and original Irrevocable Standby Letter of Credit No. _____
 (identification number)

in the amount of _____, issued by _____ on behalf of _____
 (Cdn. dollar amount) (Name of financial institution) (name of air carrier)

in favour of _____ . Further, _____ agrees that
 (name of charterer) (name of charterer)

monies payable by _____ pursuant to the above-referenced Irrevocable
 (name of financial institution)

Standby Letter of Credit will be deposited in a trust account unencumbered to the best of my
 knowledge by any interest of any secured creditor in the name and for the benefit of
 _____ and that monies withdrawn from trust can be used only
 (name of Charterer)

for the payment of replacement air transportation or to refund proposed users, either directly or through the
 appropriate travel agent or provincial authority.

I make this statement solely in my capacity as an authorized officer, as aforesaid, and not in my personal capacity.

 (name of Witness)

 (signature of authorized person for the Charterer)

 (address of witness)

 (date of signature of authorized person for the Charterer)

 (signature of witness)

**AMENDMENT TO IRREVOCABLE STANDBY LETTER
OF CREDIT ON LESS THAN 45 DAYS NOTICE**

Date:

Amendment to Irrevocable Standby Letter of Credit, Identification Number

Notwithstanding the requirement contained in the above Irrevocable Standby Letter of Credit

that it may only be terminated or amended upon the parties thereto giving at least 45 days

written notice of termination or amendment to the Canadian Transportation Agency, all

parties to the Irrevocable Standby Letter of Credit hereby agree that the dollar amount of

the Irrevocable Standby Letter of Credit is amended from _____ 00/100

DOLLARS (CANADIAN)(\$ _____) to

_____ 00/100 DOLLARS (CANADIAN) (\$ _____) effective _____.

This amendment to the Irrevocable Standby Letter of Credit, to come into force on the

above-noted effective date, shall be valid only once the original of this amendment has

been given to _____ (the Beneficiary), and a copy of

such has been received and approved, in writing, by the Canadian Transportation Agency.

The above Irrevocable Standby Letter of Credit remain unchanged.

(name of witness)

(name of authorized person
representing the Carrier)

(signature of witness)

(signature of authorized person
representing the Carrier)

(name of witness)

(name of authorized person
representing the Bank)

(signature of witness)

(signature of authorized person
representing the Bank)

(name of witness)

(name of authorized person
representing the Beneficiary)

(signature of witness)

(signature of authorized person
representing the Beneficiary)

**TERMINATION OF IRREVOCABLE STANDBY LETTER
OF CREDIT ON LESS THAN 45 DAYS NOTICE**

Date: _____

Termination of Irrevocable Standby Letter of Credit, Identification Number

_____ .

Notwithstanding the requirement contained in the above Irrevocable Standby Letter of Credit that it may only be terminated or amended upon the parties thereto giving at least 45 days written notice of termination or amendment to the Canadian Transportation Agency, all parties to the Irrevocable Standby Letter of Credit hereby agree to terminate the Irrevocable Standby Letter of Credit effective

_____ .

Termination of the Irrevocable Standby Letter of Credit on the above-noted effective date shall be valid only once the original of this termination notice has been given to _____ (the Beneficiary), and a copy of such has been received and approved, in writing, by the Canadian Transportation Agency.

All other provisions contained in the above Irrevocable Standby Letter of Credit remain unchanged.

(name of witness)

(name of authorized person
representing the Carrier)

(signature of witness)

(signature of authorized person
representing the Carrier)

(name of witness)

(name of authorized person
representing the Bank)

(signature of witness)

(signature of authorized person
representing the Bank)

(name of witness)

(name of authorized person
representing the Beneficiary)

(signature of witness)

(signature of authorized person
representing the Beneficiary)