

This **PORTFOLIO FUNDED PARTICIPATION AGREEMENT** (this “**Agreement**”) is dated _____

BETWEEN:

- (1) _____, a company incorporated under the laws of Cyprus having its registered office at _____ (the “**Grantor**”); and
- (2) _____, a joint stock company incorporated under the laws of the Republic of Kazakhstan having its registered office at _____ (the “**Participant**”).

WHEREAS:

- (A) As of the Effective Date, Grantor has become party to each of the Loan Agreements.
- (B) The outstanding principal amount of the Loan under each of the Loan Agreements as of the Effective Date is as set out in Part B of Schedule 1 (Loans).
- (C) As of the Effective Date, Lessor is indebted to Grantor in the principal amount of the Loans specified as having been drawn and remaining outstanding in Part B of Schedule 1 (Loans).
- (D) As of the Effective Date Grantor hereby offers to Participant a seventy three and one hundredth (73.01) per cent. funded sub-participation in each of the Loans comprising the Portfolio (details of which are more particularly set out in Schedule 1) upon the terms and conditions set out herein, and by its execution hereof Participant hereby accepts such offer.

NOW IT IS AGREED as follows:

1. INTERPRETATION

1.1 In this Agreement (including the Recitals), terms and expressions defined in the Assignment Agreements and not otherwise defined herein shall, unless the context otherwise requires, have the meanings afforded thereto in the Assignment Agreements (whether expressly, by reference to another document or otherwise) and:

“**Acceleration**” shall mean a binding instruction to effect payments pursuant to Clause 3.2(c) that may be given by Participant pursuant to Clause 14.1(e)(i).

“**Aircraft**” means five (5) Boeing 757-230 aircraft with MSNs 25438, 25439, 26433, 26434 and 26435 registered in the Russian Federation and leased by Lessor to Lessee, and as more particularly defined in the respective Lease Agreements.

“**Anticipated Revenues on Participation**” means an amount equal to the sum of:

- (i) the Participation; and
- (ii) Interest on Participation.

“Assignment Agreements” means each of:

- (i) the Agreement on Assignment of Rights and Transfer of Obligations dated 6 May 2005, governed by and construed in accordance with the laws of the Republic of Kazakhstan, in respect of Loan Facility Agreement No. 527 dated 23 July 2004 and made between Participant as original lender, Grantor as new lender and Lessor as borrower; and
- (ii) the Agreement on Assignment of Rights and Transfer of Obligations dated 6 May 2005, governed by and construed in accordance with the laws of the Russian Federation, in respect of Loan Agreements dated 16 June 2004, 29 June 2004 and 9 July 2004 and made between the Junior Lender as original lender, Grantor as new lender and Lessor as borrower.

“Business Day” means a day (other than a Saturday or a Sunday) on which banks are open for general business in Almaty, Republic of Kazakhstan, Nicosia, Republic of Cyprus, Moscow, the Russian Federation, and New York City, the United States of America.

“Conversion Rate” means, with respect to any Rouble funds referable to the Lease Payment Fund, the official rate of purchase of a dollar with roubles established by the Central Bank of the Russian Federation on the date of payment of such funds by the Lessee or other person, increased by twenty five hundredths of one per cent. (0.25%).

“Debt Service Period” means each of the twenty (20) consecutive two (2) or three (3) calendar month periods identified in Schedule 3.

“Default” has the meaning given to it in Section 13.4.

“Default Interest” means fourteen (14) per cent.

“Dollars”, “US\$” and “\$” means the lawful currency of the United States of America.

“Due Date” means:

- (a) with respect to any amount payable by Grantor under Clause 3.2(a), the relevant date set forth in the Repayment Schedule; and
- (b) with respect to any amount other payable by Grantor pursuant to Clause 3, the Business Day following the date on which Grantor, acting diligently, is able to
 - (i) determine that the Lease Payment Amount(s) is greater than zero, and
 - (ii) calculate such amount(s).

“Early Redemption Event” means a voluntary prepayment by Lessee of all amounts payable in order to purchase any of the Aircraft under the relevant Lease Agreement.

“Effective Date” means the date of this Agreement, which is also a “Transfer Date” under each of the Assignment Agreements.

“Financing Documents” means:

- (i) this Agreement;

- (ii) the documents included in the definition of the “Financing Documents” under any of the Assignment Agreements;
- (iii) the Security Documents;
- (iv) the documents included in the definition of the “Transaction Documents” under any of the Loan Agreements;
- (v) the inter-creditor agreement to be entered into by Grantor, Participant, Junior Lender and Lessor, which shall set forth priorities with respect to proceeds of enforcement of the Security Documents;
- (vi) any other document designated as such by Participant and Grantor in writing; and
- (vii) all notices, consents and acknowledgements in respect of any of the foregoing documents and any other documents as may have been or shall from time to time be executed in connection therewith.

“**Insolvency Event**” means, with respect to any person, that

- (a) such person
 - (i) takes any step (including petition, giving notice to convene or convening a meeting) for the purpose of making, or proposes or enters into, any arrangement, assignment or composition with or for the benefit of its creditors;
 - (ii) ceases or threatens to cease to carry on its business or any substantial part of its business; or
 - (iii) is unable, or admits in writing its inability, to pay its debts as they fall due or otherwise becomes insolvent;
- (b) an order is made or an effective resolution passed or analogous proceedings taken for such person’s winding up, bankruptcy or dissolution or a petition is presented or analogous proceedings taken for the winding up or dissolution of such person;
- (c) any encumbrancer lawfully takes possession, or a liquidator, judicial custodian, receiver, administrative receiver or trustee or any analogous officer is appointed, of any assets of the person or an attachment, sequestration, distress or execution (or analogous process) is levied or enforced upon or issued against any of the assets or property of such person; or
- (d) any other event occurs which under any applicable law would have an effect analogous to any of those events listed in clauses (a) through (c).

“**Interest Date**” means, with respect to a Loan, a date on which interest under such Loan is payable in accordance with the relevant Part of Schedule 1.