BOSTON-MAINE AIRWAYS CORP.
Verification of Working Capital Availability
CREDIT LINE AGREEMENT

THIS CREDIT LINE AGREEMENT, dated this 1st day of August, 2002, is between Boston-Maine Airways Corp., a New Hampshire corporation having a mailing address of 14 Aviation Avenue, Portsmouth, New Hampshire 03801 (the "Borrower") and Pan American Airlines, Inc., a Florida corporation having a mailing address of 14 Aviation Avenue, Portsmouth, New Hampshire 03801 ("Lender").

Reference is made to the following facts:

A. The Borrower has requested that the Lender extend credit to the Borrower in the form of a revolving line of credit in the amount of $750,000, and the Lender is willing to establish such credit on the terms and subject to the conditions hereinafter set forth.

B. As consideration for the Lender to establish the credit hereunder and to make the advances under the line of credit, the Borrower is willing to undertake the various agreements, covenants and representations contained herein.

NOW, THEREFORE, the parties hereto, in consideration of the premises and the mutual covenants hereinafter set forth and intending to be legally bound hereby, agree as follows:

ARTICLE I

AMOUNT AND TERMS OF CREDIT FACILITY

1.1 Credit Facility.

(a) Loans. Subject to the terms and conditions hereof and relying upon the representations and warranties and covenants set forth herein, the Lender hereby establishes a revolving line of credit in favor of the Borrower in the aggregate principal amount of up to Seven Hundred Fifty Thousand Dollars ($750,000) and agrees to make and remake one or more revolving loans to the Borrower. Borrower may borrow from time to time from the Lender such amounts (individually, a "Loan" and collectively, the "Loans") as the Borrower may request, provided that the aggregate principal amount outstanding at any one time shall not exceed Seven Hundred Fifty Thousand Dollars ($750,000). Within such limits, the Borrower may from time to time borrow, prepay without penalty, except as required under Section 2.7 of the Agreement, and reborrow in accordance with the provisions of this Agreement. The Loans (i) shall bear interest as provided in Section 1.2, (ii) may be repaid and reborrowed in accordance with the terms hereof, (iii) shall be payable in full at the Maturity Date, and (iv) shall be evidenced by one or more promissory notes of the Borrower payable to the order of the Lender.

(b) Requests for Advances. An Authorized Representative of the Borrower shall give written or oral notice to the Lender of each such Loan period in advance of the Loan, not exceeding two (2) Business Days, as the Lender may from time to time require. The notice shall specify the amount and date (which shall be a Business Day) of each Loan. Any oral notice permitted by the Lender shall be promptly confirmed by the Borrower in writing. The Lender shall
make the Loan to the Borrower on the date specified in immediately available funds.

(c) Promissory Note. On the Closing Date, the Borrower shall execute and deliver to the Lender the Note payable to the order of the Lender for the full amount of the Loan. The amount of principal owing on the Note at any given time shall be the aggregate amount of all advances made under subsection 1.1(a) above, less all payments of principal theretofore paid by the Borrower.

1.2 Interest.

(a) General. The Borrower shall pay interest on all outstanding principal amounts hereunder and evidenced by the Note at the rate and the manner provided below. The Note shall bear interest until paid in full at the Note Rate in effect from time to time from the Closing Date. Interest shall be payable on the applicable Interest Payment Dates. Interest on all Loans shall be calculated on the basis of the actual number of days elapsed over a year of 360 days. Interest on overdue amounts shall accrue and be paid at a rate equal to the Note Rate plus two and one half percent, payable on demand.

(b) Monthly Interest Payments. The unpaid principal sum for each Loan from time to time outstanding shall bear interest at a rate of Ten Percent (10%) per annum (the "Note Rate").

1.3 Rights in Property Held by the Lender. As security for the prompt satisfaction of all Obligations, the Borrower hereby assigns, transfers and sets over to the Lender all of its right, title and interest in and to, and grants the Lender a lien on and a security interest in, all amounts that may be owing from time to time by the Lender to the Borrower or any of its Affiliates in any capacity, in addition to any right of set-off that the Lender has under this Agreement or otherwise.

ARTICLE II

REPRESENTATIONS AND WARRANTIES

2.1 Representations and Warranties of the Borrower. The Borrower represents and warrants as follows:

(a) Corporate/Partnership Existence and Power. Boston-Maine Airways Corp. is a corporation duly incorporated and valid existing under the laws of the State of New Hampshire and is properly licensed and in good standing in every jurisdiction in which it is doing business.

(b) Corporate Authority. The execution, delivery and performance by the Borrower of this Agreement is within the Borrower's corporate powers, has
been duly authorized by all necessary corporate action, and does not, and will not, contravene, violate, conflict with, or constitute a default under (i) any provision of the certificate of incorporation or bylaws, of the Borrower or other documents of internal governance of the Borrower, (ii) any law or order or (iii) any contractual restriction binding on or affecting the Borrower, and do not result in or require the creation of any lien, security interest or other charge or encumbrance (except as provided in or contemplated by this Agreement) upon or with respect to any of its properties.

(c) No Governmental Approvals. No authorization or approval or other action by, and no notice to or filing with any governmental authority or regulatory body is required for the due execution, delivery and performance by the Borrower of this Agreement.

(d) Binding Effect. This Agreement is the legal, valid and binding obligation of the Borrower enforceable against the Borrower in accordance with its terms, except as such enforceability may be limited by bankruptcy, insolvency or other laws or equitable principles relating to creditors’ rights generally.

(e) Litigation. There is no pending or, to the best knowledge of the Borrower, threatened action, investigation or proceeding before any court, governmental agency or arbitrator against or affecting the Borrower which may materially adversely affect the financial condition or operations of the Borrower or the ability of the Borrower to perform its obligations hereunder or which purports to affect the legality, validity or enforceability of this Agreement.

(f) Taxes. The Borrower has filed all United States federal income tax returns and all other federal, state and local tax returns which are required to be filed by it and has paid all taxes due pursuant to such returns or pursuant to any assessments received by the Borrower.

(g) Compliance with Applicable Laws. The Borrower has all necessary franchises, permits, licenses and other rights to allow it to conduct its business as presently conducted and to own its properties, and is not in default in any respect which would have a materially adverse affect on the financial position, business or properties of the Borrower, under any judgment, order or decree of any court or governmental authority or under the provisions of any agreement to which it is a party or by which it or its property may be bound. To the best of the Borrower’s knowledge, the Borrower is complying with all applicable statutes and regulations of each governmental authority having jurisdiction over it or its business.

ARTICLE III

COVENANTS

3.1 Affirmative Covenants of the Borrower. From the date hereof and at all times until the Loans, together with interest thereon, are repaid in full and all other Obligations are satisfied in full, the Borrower will, unless the Lender shall otherwise consent in advance in writing:

(a) Maintenance of Insurance. Maintain insurance with responsible and reputable insurance companies or associations in such amounts and covering such risks
as is usually carried by companies engaged in similar businesses and owning similar properties in the same general areas in which the Borrower operates. The Borrower will deliver to the Lender certificates of insurance or copies of policies of insurance required to be carried by or on behalf of the Borrower pursuant hereto with appropriate endorsements designating the Lender, as an additional insured or a loss payee, as the case may be, and cause each such policy of insurance to contain a notice of cancellation provision satisfactory to the Lender and in accordance with insurance industry practice.

(b) Preservation of Existence, Etc. Preserve and maintain its corporate existence, rights and franchises in good standing and not dissolve or otherwise discontinue its existence or operations and maintain its current ownership structure.

(c) Compliance with Laws, Etc. Comply with the requirements of all applicable laws, rules, regulations and orders of any governmental or regulatory authority, non-compliance with which would materially adversely affect the Borrowers' business or credit or properties.

(d) Examination Rights. At any reasonable time and from time to time, permit the Lender or any agents or representatives thereof, to examine and make copies of and abstracts from the records and books of account of, and visit the properties of, the Borrower and to discuss the affairs, finances and accounts of the Borrower and its business and properties.

(e) Keeping of Books. Keep proper books of record and account, in which full and correct entries shall be made of all financial transactions and the assets and business of the Borrower in accordance with generally accepted accounting principles consistently applied.

(f) Maintenance of Properties, Etc. Maintain and preserve all of its properties which are used or useful in the conduct of its business in good working order and condition, ordinary wear and tear excepted.

(g) Performance and Compliance with Other Covenants. Pay, perform and comply with each of the terms, covenants and conditions set forth in this Agreement.

(h) Payment of Taxes, Etc. Pay and discharge, before the same shall become delinquent and before interest starts to accrue, (i) all taxes, assessments and governmental charges or levies imposed upon it or upon its property, and (ii) all lawful claims which, if unpaid, might by law become a lien upon its property.

(i) Payment of Expenses. Pay all expenses in connection with the negotiation, preparation, execution, administration, amendment or enforcement of this Agreement (whether or not the Loan is made) and the making, collection and issue of the Loan, including without limitation, the reasonable fees and disbursements of counsel for the Lender.

(j) Release or Disposal of Hazardous Substances. If the presence or release of any Hazardous Substances by the Borrower or at or from any property owned, occupied or operated by the Borrower has resulted in contamination or deterioration of any portion of such property or any other affected property
resulting in a level of contamination greater than the levels permitted or established by any governmental agency having jurisdiction, then the Borrower shall promptly take any and all action necessary to remove, clean up or otherwise properly dispose of such contamination to the extent required by any governmental authority having jurisdiction or as a condition to the issuance or continuing effectiveness of any governmental approval or any insurance policy that relates to the Borrower or its properties or the property contaminated.

(k) Indemnification for Hazardous Waste. To the fullest extent permissible according to law, without limiting any other rights or remedies of the Lender, the Borrower unconditionally, absolutely and irrevocably agrees to defend, hold harmless and indemnify the Lender and its officers, employees, agents and contractors against all damages (including consequential damages), claims, costs, losses, liabilities and expenses, including attorneys' fees and costs, suffered or incurred by the Bank due to the existence at any time of any Hazardous Substances at any property owned, occupied or operated by the Borrower or by any other person for whose conduct the Borrower is responsible, or due to any acts or omissions of the Borrower relating to Hazardous Substances, including without limitation, any such claims, costs, losses, liabilities, and expenses arising from the violation of any Hazardous Materials Laws, or the institution of any action by any party against the Borrower or any property owned, occupied or operated by the Borrower based upon nuisance, negligence or other tort theory alleging liability due to the improper generation, storage, disposal, removal, transportation or treatment of Hazardous Substances, or the imposition by any local, state or federal government or governmental agency, department, or authority of a lien, attachment or other encumbrance on any property owned, occupied or operated by the Borrower or by any other person whose conduct the Borrower is responsible.

3.2 Negative Covenants. From the date hereof and at all times until the Loans, together with all interest thereon, are repaid in full and all other Obligations are satisfied in full, the Borrower will not without the prior written consent of the Lender:

(a) Liens, Etc. Sell or factor any of its accounts receivable or create, incur, assume or suffer to exist, any lien, security interest or other charge or encumbrance, or any other type of preferential arrangement, upon or with respect to any of its properties, whether now owned or hereafter acquired, or assign, any right to receive income, in each case to secure any debt of any person or entity other than liens to the Lender contemplated under this Agreement.

(b) Sales, Etc. of Assets. Sell, transfer, lease or otherwise dispose of any of its assets except in the ordinary course of business.

(c) Mergers, Sales, Etc. Merge with or into or consolidate with or into, or sell, convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to any person.

(d) Restrictions on Distributions. Declare or pay any dividend (except dividends payable solely in its own capital stock) on, or make any other distribution on, or purchase, redeem, retire or otherwise acquire, directly or indirectly, any shares of its stock, or make any distribution of cash, property or assets among
the holders of shares of its stock, or make any material change in its capital structure.

(e) Loans and Investments. Acquire or retain obligations or stock of, or any other interest in, or make any loan or advance to, or investment in, any person other than (i) direct obligations of or obligations guaranteed by, the United States of America or any agency thereof maturing not more than one year from the date of issue thereof, or (ii) certificates of deposit, commercial paper, repurchase agreements or other money market instruments maturing not more than one year from the date of issue thereof, or (iii) interest bearing accounts in a bank which may be withdrawn upon not more than ninety (90) days notice or (iv) commercial paper rated at least A-1, P-1 or the equivalent by any nationally recognized rating agency maturing not more than one year from the date of issue thereof.

ARTICLE IV
EVENTS OF DEFAULT

4.1 Events of Default. An Event of Default (an "Event of Default") shall mean the occurrence of one or more of the following described events which is not cured within any applicable period of grace or cure:

(a) the Borrower shall fail to make a payment of principal or interest under the Note when due and a ten (10) day grace period shall have expired;

(b) any representation or warranty made, or deemed made, by or on behalf of the Borrower (including by any of its officers or directors) herein or by or on behalf of the Borrower (including by any of its officers or directors) in writing in connection with this Agreement shall prove to have been incorrect in any material respect when made or deemed made;

(c) the Borrower shall fail to pay, perform or observe any other term, covenant, obligation or agreement contained in this Agreement on its part to be performed or observed or if the Borrower shall have notified the Lender of such failure, such failure shall remain unrepaired for thirty (30) days (except where a period of grace is specifically otherwise provided or negated, in which case such specific periods of time or negation shall govern), provided, however, if such failure is not capable of being remedied within such thirty (30) day period, such grace period shall be extended for a reasonable period of time (not to exceed forty-five (45) days) provided Borrower shall commence and diligently take such actions as are necessary to effect such cure;

(d) any material provision of this Agreement shall, at any time for any reason, cease to be valid and binding on the Borrower or shall be declared to be null and void, or the validity or enforceability thereof shall be contested by the Borrower or a proceeding shall be commenced by any governmental agency or authority having jurisdiction over the Borrower seeking to establish the invalidity or unenforceability thereof, or the Borrower, shall deny that it has any or further liability or obligation under this Agreement or any other Loan Document;

(e) a proceeding shall have been instituted in a court having jurisdiction in the premises seeking a decree or order for relief in respect of the Borrower, in an
involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or for the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or other similar official) of the Borrower, or for any part of its assets, or for the winding-up or liquidation of its affairs, and such proceeding shall remain undismitted or unstayed and in effect for a period of forty-five (45) days or such court shall enter a decree or order granting the relief sought in such proceeding; or

4.2 Consequences of Event of Default.

(a) If an Event of Default of Section 4.1 shall occur and be continuing then the Lender shall not be obligated to make any further Loans hereunder, the Lender shall have the right to terminate the credit and the Lender may, by notice to the Borrower, declare the unpaid principal amount of the Note and interest accrued thereon and all other liabilities of the Borrower hereunder and thereunder to be forthwith due and payable, and the same shall thereupon become and be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived.

(b) If any Event of Default specified in Section 4.1 shall occur, the Lender may exercise all rights and remedies contained in any of the Loan Documents subject to the express terms, conditions, and limitations thereof and shall also have available to it all rights and remedies at law or in equity, all of which may be exercised cumulatively.

ARTICLE V
MISCELLANEOUS

5.1 No Implied Waiver; Cumulative Remedies; Writing Required. No delay or failure of the Lender in exercising any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof or any abandonment or discontinuance of steps to enforce such a right, power or privilege preclude any further exercise thereof or of any other right, power or privilege. The rights and remedies of the Lender hereunder are cumulative and not exclusive of any rights or remedies which it would otherwise have. Any waiver, permit, consent or approval of any kind or character on the part of the Lender of any breach or default under this Agreement, or any such waiver of any provision or condition of this Agreement must be in writing and shall be effective only to the extent in such writing specifically set forth.

5.2 Notices. All notices and other communications provided for hereunder shall be in writing (including required copies) and sent by receipted hand delivery (including Federal Express or other receipted courier service), telecopy, telex or regular mail, if to the Borrower, at its mailing address set forth in the initial paragraph of this Agreement and if to the Lender, at its mailing address set forth in the initial paragraph of this Agreement or, as to each party, at such other address as shall be designated by such party in a written notice to the other party. All such notices and communications shall, when delivered, telecopied or telexed, be effective when deposited with the courier or telexed, respectively, addressed as aforesaid.
5.3 **Governing Law.** This Agreement, the Note and the other Loan Documents and rights and obligations of the parties hereto and thereto shall be governed by and construed and enforced in accordance with the laws of the State of New Hampshire.

5.4 **Prior Understandings.** This Agreement and the other Loan Documents supersede all prior understandings and agreements, whether written or oral, between the parties hereto relating to the transactions provided for herein, including but not limited to a similar Agreement between the parties dated as of June 1, 2000.

5.5 **Modifications and Amendments.** This Agreement may be amended or modified only by an instrument in writing signed by the party against whom enforcement is sought.

IN WITNESS WHEREOF, the parties hereto, by their officers thereunto duly authorized, have executed and delivered this Agreement effective as of the day and year first above written.

**BOSTON-MAINE AIRWAYS CORP.**

By: 

[Signature]

Title: 

[Title]

**PAN AMERICAN AIRLINES, INC.**

By: 

[Signature]

Title: 

[Title]
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**Debits**

**Checks Paid (CKDR)**

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- 000000098
- 000000099

**Requests**

- Check # 000000097 Requested
- Check # 000000098 Requested
- Check # 000000099 Requested
BEFORE THE
DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY
WASHINGTON, D.C.

Application of

BOSTON-MAINE AIRWAYS CORP.

Docket OST-00-7668

for issuance of an amended certificate of public
convenience and necessity pursuant to 49 U.S.C. § 41102
(Interstate Large-Aircraft Operations)

CERTIFICATION

Pursuant to Title 18 United States Code Section 1001, I, John R. Nadolny, in
my individual capacity and as Senior Vice President, General Counsel and Secretary of
the applicant, have not in any manner knowingly and willfully falsified, concealed or
covered up any material fact or made any false, fictitious, or fraudulent statement or
knowingly used any documents which contain such statements in connection with the
preparation, filing or prosecution of this application. I understand that an individual
who is found to have violated the provisions of 18 U.S.C. 1001 may be fined not more
than $10,000 or imprisoned not more than five years, or both.

John R. Nadolny

State of New Hampshire  )
County of Rockingham  )

Subscribed and sworn to before me this 26 day of August, 2002.

M. Blanche Abbott
Notary Public

M. Blanche Abbott
Notary Public
My Commission Expires
May 12, 2004