



AIRBUS

MEMORANDUM OF UNDERSTANDING

FOR

20 A320-200 AIRCRAFT

10 A330-200 AIRCRAFT

5 + 10 (+ 10 OPTIONS) A350-800 XWB AIRCRAFT

5 A340-500 AIRCRAFT

WITH

KINGFISHER AIRLINES

THIS MEMORANDUM OF UNDERSTANDING (the "MOU") is made on 18th June 2007

BY

AIRBUS S.A.S., a *société par actions simplifiée*, created and existing under French law having its registered office at 1 Rond-Point Maurice Bellonte, 31707 Blagnac-Cedex, France and registered with the Toulouse *Registre du Commerce* under number RCS Toulouse 383 474 814 ("**AIRBUS**")

TO

KINGFISHER AIRLINES LIMITED, a company created and existing under Indian law having its registered office at UB Anchorage, Bangalore, India ("**Kingfisher**");

hereinafter each individually referred to as a "Party" and collectively as the "Parties".

1 SCOPE

- 1.1** The purpose of this MOU is to set out the basic terms and conditions offered by AIRBUS to Kingfisher for the purchase of:

Aircraft Type	Purchase Agreement	Number of Aircraft
A320-200 Family	PA CCC.337.0049/04 Amendment N°7 This MOU:	13 Aircraft 30 Additional Aircraft 20 Incremental Aircraft
A330-200	PA CCC.337.0032/05 This MOU:	5 A330-200 Aircraft 10 Additional A330-200 Aircraft (the A330 Additional Aircraft)
A350-800 XWB	PA CCC.337.0033/05 This MOU:	5 A350-800 XWB Aircraft (the Initial Aircraft) 5 Additional A350-800 XWB Aircraft (the A350 Additional Aircraft) 10 Incremental Aircraft (the A350 Incremental Aircraft) 10 Option Aircraft (the A350 Option Aircraft)
A340-500	PA CCC.337.0029/06 This MOU:	5 A340-500 Aircraft + 5 Option Aircraft 5 Additional A340-500, Option exercise (the A340-500 Additional Aircraft)

(hereinafter collectively the "**Aircraft**"),

In total, fifty (50) firm Aircraft ordered under this MOU.

- 1.2** This MOU constitutes the entire agreement between the Parties with respect to the subject matter hereof and supersedes previous proposals.

2 AIRCRAFT DEFINITION AND ENGINES

CSI - 380.0213/2007

KFR - A320/A330/A350XWB/A340 – June 2007

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As set forth in the attached pricing summaries in Appendix to this MOU.

3 DELIVERY DATES

3.1 Delivery Schedule

The Aircraft shall be ready for delivery to Kingfisher at the Aircraft final assembly line according to the following schedule :

Aircraft Type	Delivery Dates	Comments
A320-200	2012: Q1, Q2*, Q3, Q4*, Q4 2013: Q1, Q1, Q2, Q2*, Q3, Q3, Q4*, Q4 2014: Q1, Q2, Q2*, Q3*, Q3, Q4*, Q4	* Can be converted in A319-100 All A320-200 can be converted in A321-200.
A330-200	3 Quarter 2010 4 Quarter 2010 1 Quarter 2011 2 Quarter 2011 4 Quarter 2011 4 Quarter 2011 1 Quarter 2012 2 Quarter 2012 3 Quarter 2012 4 Quarter 2012	
A340-500	4 Quarter 2009 1 Quarter 2010 1 Quarter 2010 2 Quarter 2010 2 Quarter 2010	Option aircraft exercise as set forth in Letter Agreement Nb.18 to A340-500 purchase agreement.
A350-800 XWB	Initial Aircraft 4 Quarter 2014 3 Quarter 2015 4 Quarter 2015 4 Quarter 2015 1 Quarter 2016 Additional Aircraft 2 Quarter 2016 1 Quarter 2017 1 Quarter 2017 2 Quarter 2017 2 Quarter 2017 Incremental Aircraft 3 Quarter 2017 3 Quarter 2017 4 Quarter 2017 4 Quarter 2017	In addition; 10 purchase rights (Option Aircraft) with option exercise date: - September 2014 - September 2015

	1 Quarter 2018 1 Quarter 2018 2 Quarter 2018 2 Quarter 2018 3 Quarter 2018 3 Quarter 2018	
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Airbus will use all reasonable endeavours to advance deliveries at the request of Kingfisher.

Such delivery dates shall only be guaranteed if the Specification as well as Buyer Furnished Equipment ("BFE") are set or received at dates consistent with the proposed delivery dates. The Seller is studying the possibility of turning all long range programmes for aircraft ordered under this MOU into SSBFE. The handling charge and mechanism shall be discussed by the time of the contract amendments signature.

The SCN budget for all Aircraft ordered under this MOU shall be discounted by thirty (30%) from Airbus catalogue/option price.

3.2 A320 Order - fleet harmonisation

The twenty (20) incremental A320 aircraft order is subject to the deferral of eight (8) delivery slots from current scheduled deliveries in 2008 and 2009 to Kingfisher or Air Deccan. Kingfisher will decide on the slots to be deferred after reviewing the Kingfisher and Air Deccan combined future fleet and shall notify Airbus of the deliveries to be deferred within six (6) weeks following signature of this agreement. The delivery slots from 2008 shall be postponed to 2011 and the delivery slots from 2009 shall be postponed to 2012.

3.3 A320-200 Type Flexibility

Kingfisher shall have the right to convert seven (7) Aircraft from the A320-200 original type to the A319-100 Aircraft type and all twenty (20) Aircraft from the A320-200 original type to the A321-200 Aircraft type. Such Aircraft type conversion is subject to Kingfisher notifying AIRBUS in writing of its intention of exercising such type flexibility no later than the first day of the twenty-fourth (24th) month prior to first day of the quarter in which the Aircraft, being converted, is scheduled for delivery (the "Conversion Notice").

A Conversion Notice can be served once per eligible Aircraft and shall be irrevocable when given. Upon receipt of a valid Conversion Notice and payment of then applicable predelivery payments, the Aircraft's type shall be converted and thereafter it shall be referred to as a "Converted Aircraft". The type flexibility right shall apply only once per Aircraft.

AIRBUS shall endeavour to provide Kingfisher with delivery dates for the Converted Aircraft, as close as possible to the original dates prior to the conversion. AIRBUS' ability to do so is subject to the AIRBUS commercial and industrial constraints existing at the time the Conversion Notice is served.

3.4 A350-800 XWB Option Aircraft

In addition to the Incremental Aircraft order, AIRBUS shall grant Kingfisher an option to purchase ten (10) A350-800 XWB Aircraft (the "Option Aircraft") as to be detailed in the contract amendment.

3.5 A330-200 conversion right to A330-300 Aircraft

Kingfisher shall have the right to convert all A330-200 Aircraft from the A330-200 original type to the A330-300 Aircraft type at an incremental price to be agreed by contract amendment signature. Such Aircraft type conversion is subject to Kingfisher notifying AIRBUS in writing of its intention of exercising such type flexibility no later than the first day of the twenty-fourth (24th) month prior to first day of the quarter in which the Aircraft, being converted, is scheduled for delivery (the "Conversion Notice").

A Conversion Notice can be served once per eligible Aircraft and shall be irrevocable when given. Upon receipt of a valid Conversion Notice and payment of then applicable predelivery payments, the Aircraft's type shall be converted and thereafter it shall be referred to as a "Converted Aircraft". The type flexibility right shall apply only once per Aircraft.

AIRBUS shall endeavour to provide Kingfisher with delivery dates for the Converted Aircraft, as close as possible to the original dates prior to the conversion. AIRBUS' ability to do so is subject to the AIRBUS commercial and industrial constraints existing at the time the Conversion Notice is served.

4 PRICING AND ESCALATION

As detailed in the attached pricing summaries.

The airframe (referred to as 'aircraft' for A340-500 and A350-800 XWB) price shall be revised with the latest applicable AIRBUS Price Revision Formula.

The engine price (except for A340-500 and A350-800 XWB aircraft) shall be revised with the latest applicable engine manufacturer's price revision formula.

5 SPECIAL CONDITIONS

Revisable credit memoranda are subject to the same escalation than the airframe/aircraft and are granted at delivery of the Aircraft except where expressly mentioned otherwise in this agreement or in the pricing summaries.

5.1 A320-200 PURCHASE

In consideration for the purchase by Kingfisher of the A320 Incremental Aircraft, Airbus shall offer the concessions detailed in the pricing summary in Appendix. All previous financial commitments shall not be applicable to these A320 Incremental Aircraft except where expressly stated otherwise. For the sake of clarity the following points are to be highlighted:

5.1.1 Escalation cap: 3% yearly average compounded

5.1.2 Weight Variant

The Airframe of the A320-200 Additional Aircraft shall be manufactured in accordance with the A320-200 Standard Specification Document N° D.000.02000, issue 5, revision 1 dated April 30th, 2001 as may be amended by SCN, with the following increased design weights given free of charge for the Buyer:

MTOW = 73.5 t

MLW = 66 t

MZFW = 62.5 t

5.1.3 Training Credit Memorandum

Airbus shall grant to Kingfisher, concurrently to the Delivery of each Incremental Aircraft, a flat training credit memorandum (hereinafter the "Training Credit Memorandum") amounting to:

USD

The Training Credit Memorandum shall be earned and made available to the Buyer at the time of each Incremental Aircraft Delivery in the form of a Credit Memorandum for the purchase of Goods and Services with a minimal 50% training content.

5.1.4 New Fleet Credit Memorandum

In conjunction with:

- i) the order of twenty (20) A320 Incremental Aircraft
- ii) the deferral of ten (10) A320 Aircraft

Airbus shall grant to the Buyer, concurrently to the Delivery of each A320 Incremental Aircraft, a New Fleet Credit Memorandum amounting to:

For the A320-200 USD

For the A321-200 USD

For the A319-100 USD

The New Fleet Credit Memorandum shall be made available at delivery of the A320 Incremental Aircraft and is expressed at the average economic conditions corresponding to a theoretical delivery in January 2004. Such New Fleet Credit Memorandum shall be subject to revision up to the respective Incremental Aircraft Delivery Date in accordance with the Airframe Price Revision Formula.

5.2 A330-200 PURCHASE

In consideration for the purchase by Kingfisher of the A330 Additional Aircraft, Airbus shall offer the concessions detailed in the pricing summary in Appendix. All previous financial commitments shall not be applicable to these A330 Additional Aircraft except where expressly stated otherwise. For the sake of clarity the following points are to be highlighted:

5.2.1 New Fleet Credit Memorandum

In conjunction with:

- iii) the order of ten (10) A330 Incremental Aircraft
- iv) the order of five (5) A350 Additional Aircraft

Airbus shall grant to the Buyer, concurrently to the Delivery of each A330 Additional Aircraft, a New Fleet Credit Memorandum amounting to:

USD

The New Fleet Credit Memorandum shall be made available at delivery of the A330 Additional Aircraft and is expressed at the average economic conditions corresponding to a theoretical delivery in January 2007. Such New Fleet Credit Memorandum shall be subject to revision up to the respective A330 Additional Aircraft Delivery Date in accordance with the Airframe Price Revision Formula.

5.2.2 Additional Support Credit Memorandum

AIRBUS shall grant Kingfisher, a flat credit memorandum (the "Additional Support Credit Memorandum") amounting to:

USD

for each of the ten (10) A330-200 Additional aircraft ordered under this MOU.

The A330 Additional Support Credit Memorandum in the global amount of USD shall be made available as follows:

- USD for operations support, if Kingfisher is not in default under any purchase agreement:
 - o USD April 2008
 - o USD January 2009
- USD for training (TRI/TRE, IOE), made available at delivery of A330 Additional Aircraft (USD at Aircraft Nb 6, 7, 8)
- USD for trainer aircraft, made available at delivery of A330 Additional Aircraft (USD at Aircraft Nb 1, 2, 3, 4, 5)

Airbus shall be entitled to claim back any credit memorandum given prior to the delivery of the A330-200 Additional Aircraft if Kingfisher does not take delivery of the A330-200 Additional Aircraft.

5.2.3 Advertising Credit Memorandum

Airbus shall grant to the Buyer, concurrently to the Delivery of each A330 Additional Aircraft, a flat Advertising Credit Memorandum amounting to:

USD

The Advertising Credit Memorandum shall be made available at delivery of the A330 Additional Aircraft and shall be used for funding advertising campaigns and/or the purchase of Aircraft models.

5.2.4 Additional Training Credit

Airbus shall grant to the Buyer, concurrently to the Delivery of each A330 Additional Aircraft, a flat Additional Training Credit Memorandum amounting to:

USD

The Additional Training Credit Memorandum shall be made available at delivery of the A330 Additional Aircraft and shall be used for training.

5.3 A350-800 XWB PURCHASE

5.3.1 Five (5) Initial A350-800 XWB Aircraft – converted from A350-800

Kingfisher reiterates its firm intention to execute the Amendment N°2 to the A350-800 XWB Purchase Agreement converting the previous five (5) A350-800 aircraft into five (5) A350-800 XWB Aircraft.

5.3.2 Five (5) Additional A350-800 XWB Aircraft at Launch Conditions

The five (5) Additional A350-800 XWB shall be made available at the same conditions that the five (5) initial A350-800 XWB ordered under the A350-800 Purchase Agreement as further amended by the Amendment N°2, subject to Kingfisher taking delivery of the ten (10) Additional A330-200 Aircraft.

5.3.3 Ten (10) Incremental A350-800 XWB

The ten (10) Incremental A350-800 XWB shall be made available to Kingfisher at different conditions than the five Initial and Additional A350-800 XWB Aircraft, as detailed in the pricing summary in Appendix.

5.3.4 Ten (10) Option Aircraft

AIRBUS shall grant Kingfisher an option to purchase ten (10) Option A350-800 XWB Aircraft as described in Clause 3.4. The Option Aircraft shall be made available to Kingfisher at the same conditions than the A350 Incremental Aircraft in Clause 5.3.3.

5.3.5 New Fleet Credit Memorandum

In conjunction with the global order of ten (10) additional A330-200 Aircraft combined with five (5) A350 Additional Aircraft, Airbus shall grant to Kingfisher a New Fleet Credit Memorandum in the Amount of:

USD

The New Fleet Credit Memorandum shall be made available at delivery of the five (5) A350 Additional Aircraft on the condition that Kingfisher takes delivery of the ten (10) Additional A330-200 Aircraft.

The New Fleet Credit Memorandum is expressed at the average economic conditions corresponding to a theoretical delivery in January 2004. Such New Fleet Credit Memorandum shall be subject to revision up to the respective A350 Additional Aircraft Delivery Date in accordance with the Airframe Price Revision Formula.

5.3.6 Advertising Credit Memorandum

Airbus shall grant to Kingfisher, concurrently to the Delivery of each A350 Additional and Incremental Aircraft, a flat Advertising Credit Memorandum amounting to:

USD

The Advertising Credit Memorandum shall be made available at delivery of the A350 Additional and Incremental Aircraft and shall be used for funding advertising campaigns and/or the purchase of Aircraft models.

5.3.7 Support Credit Memorandum

Airbus shall grant to Kingfisher, concurrently to the Delivery of each A350 Additional and Incremental Aircraft, a flat Support Credit Memorandum amounting to:

USD

The Support Credit Memorandum shall be made available at delivery of the A350 Additional and Incremental Aircraft and shall be used for the training support or spares.

5.3.8 Escalation cap: 3,5% yearly average compounded

5.3.9 Helicopter Credit Memorandum

Airbus shall grant to Kingfisher a helicopter credit memorandum (the "Helicopter Credit") in the global amount of **5,000,000 USD** (US Dollars Five million) to be spread over the fifty (50) firm aircraft ordered under this MOU and to be made available in conditions to be agreed in the contract amendment..

5.4 A340-500 OPTION EXERCISE

5.4.1 Kingfisher and Airbus have agreed to exercise the option rights given in Letter Agreement N°18 to the A340-500 Purchase Agreement CCC.337.0029/06 for the

purchase of five (5) additional A340-500 aircraft ("the A340 Additional Aircraft) upon the terms contained in the Agreement and this Amendment N°1;

As set forth in Letter Agreement N°18 to the A340 Purchase Agreement, the aircraft purchase incentives provided in the Letter Agreement N°1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 13, 14, 15, 16, 17 to the Purchase Agreement shall apply to each A340 Additional Aircraft in accordance with the terms applicable to such incentive referred to in the respective Letter Agreement to the Agreement. All credit memoranda will however be made available at Delivery of the A340 Additional Aircraft. The terms and conditions of the Letter Agreement N°8, 9 and 10 will have to be adapted to integrate the impact of the A340 Additional Aircraft.

Financing assistance and support offered for the A340 Additional Aircraft will be as set forth in Clause 5.4.2 hereunder.

5.4.2 Financing

Airbus shall grant to Kingfisher the following financing assistance and support for the five Additional A340 Aircraft:

- i) Export Credit financing assistance, as per Annex A to the Letter Agreement N°11 to the A340-500 Purchase Agreement
- ii) Alternative sources of financing, as per Letter Agreement N°11 to the A340-500 Purchase Agreement
- iii) Asset Value Guarantees, as per Annex C to the Letter Agreement N°11 to the A340-500 Purchase Agreement, save for the clauses related to the Backstop Financing (as defined in A340 Purchase Agreement)
- iv) Backstop Financing shall not be offered for the five Additional A340 Aircraft, the Annex B to the Letter Agreement N°11 to the A340-500 Purchase Agreement shall not be applicable.

The terms and conditions of the Letter Agreement N°11 to the A340-500 purchase agreement in conjunction with the 'side letter relating to asset value guarantees for the five A340-500 aircraft' dated of 24th April 2006 shall be applicable to the asset value guarantees offered under this MOU in iii) hereabove.

The above financing assistance and support shall be amended in the contract amendment to incorporate the possibility for Kingfisher to choose between Asset Value Guarantees for five (5) A340 Additional Aircraft as per iii) above, or backstop financing for three (3) A340 Additional Aircraft and Asset Value Guarantees for two (2) A340 Additional Aircraft, or such alternative financing support that may be mutually agreed.

5 PAYMENT TERMS

5.2 Predelivery Payment Schedule

For each Aircraft, the Predelivery Payments shall be paid to AIRBUS according to the following schedule:

- | | Percentage: |
|---|-------------|
| • Upon signature of the Purchase Agreement split as follows: | 1% |
| o September 2007 | 0,5% |
| o November 2007 | 0,5% |
| • The applicable Predelivery Payment Schedules is detailed per aircraft type in the respective pricing summaries in Appendix to this MOU. | |

Kingfisher and Airbus agree that the A380 compensation due in the frame of the A380 settlement (Amendment N°1 to the A380 Purchase Agreement ref. CCC337.0031/05), to be executed by the parties, shall be used by Airbus for the payment of predelivery payments:

- i) due on the A330 or A350 Additional Aircraft
- ii) once the A380 compensation is available to Kingfisher at delivery of each respective A380 Aircraft

The details shall be documented in the A380 Settlement.

Should predelivery payments be refunded by Airbus to Kingfisher following deferral of the A320 deliveries (as set forth in Clause 3.2), such predelivery payments will be held by Airbus until the first predelivery payment of 1% due for the aircraft ordered under this MOU has been paid by Kingfisher.

5.3 Initial Predelivery Payment

Kingfisher shall pay within sixty days of signature of this MOU an initial predelivery payment in an amount of USD 7,000,000 for each of all the Aircraft ordered under this MOU (the "Initial PDP"). The Initial PDP shall be credited against the Predelivery Payment required upon signature of the Purchase Agreement for the respective Aircraft. The Initial PDP global amount for all aircraft ordered under this MOU is of 70,000,000 USD.

5.4 Balance of the Final Aircraft Price

The balance of the Final Aircraft Price shall be paid to AIRBUS at delivery of the respective Aircraft.

6 VALIDITY

6.1 This MOU, executed in two originals by AIRBUS, shall enter into force and be binding on Kingfisher and AIRBUS in accordance with its terms upon payment by Kingfisher of the 70,000,000 USD Commitment Fee.

6.2 Upon fulfillment of the above conditions and entry into force of this MOU, the Parties agree to negotiate in good faith by 15th July 2007 (the "Expiry Date") the final contractual amendments.

7. LAW AND JURISDICTION

This MOU shall be governed by, and construed in accordance with, the substantive laws of England under the jurisdiction of the Courts of England. The language of the court proceedings shall be English.

This MOU has been executed in two (2) original copies.

Notwithstanding the above, this MOU may be executed by the Parties in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same MOU.

IN WITNESS WHEREOF this MOU was entered into the day and year first above written.

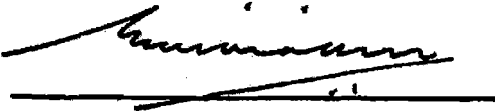
For and on behalf of

KINGFISHER AIRLINES LIMITED

Name: **DR. V S HALLYA**

Title: **CHAIRMAN**

Date: **20/06/07**

A handwritten signature in black ink, appearing to read 'Dr. V S Hallya', written over a horizontal line.

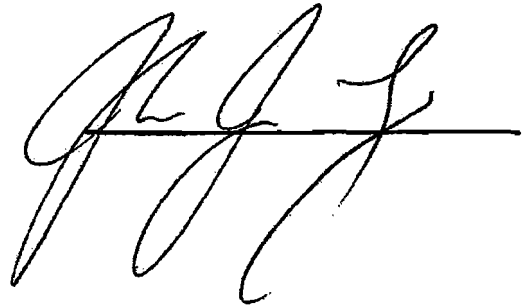
For and on behalf of

AIRBUS SAS

Name: **JOHN LEAHY**

Title: **CHIEF OPERATING
OFFICER**

Date: **20/06/07**

A large, stylized handwritten signature in black ink, appearing to read 'John Leahy', written over a horizontal line.

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