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As filed with the Securities and Exchange Commission on November 2, 2006.

Registration No. 333-

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM F-1

REGISTRATION STATEMENT
Under
The Securities Act of 1933

AERCAP HOLDINGS N.V.

(Exact name of Registrant as specified in its charter)

Netherlands	**7359**	**Not Applicable**
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification Number)

Evert van de Beekstraat 312
1118 CX Schiphol Airport
The Netherlands
+31 20 655 9655
(Address, including zip code, and telephone number, including area code, of Registrant's principal executive offices)

CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, NY 10011, (212) 894-8641
(Name, address, including zip code, and telephone number, including area code, of agent for service of process)

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Approximate date of commencement of proposed sale to the public As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are being offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	**Amount to be Registered(1)**	**Proposed Maximum Offering Price Per Share**	**Proposed Maximum Aggregate Offering Price(1)(2)**	**Amount of Registration Fee(3)**
Ordinary Shares, € 0.01 par value per share	30,015,000	$24.00	$720,360,000	$77,078.52

(1) Includes 3,915,000 ordinary shares that may be sold upon exercise of an over-allotment option to be granted to the underwriters.

(2) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(a) under the Securities Act of 1933.

(3) Calculated in accordance with Rule 457(a) under the Securities Act of 1933.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this Registration Statement shall become effective on such date as the Securities and Exchange Commission acting pursuant to said Section 8(a) may determine.

PROSPECTUS (Subject to Completion)
Issued November 2, 2006

26,100,000 Shares

AerCap Holdings N.V.

ORDINARY SHARES

AerCap Holdings N.V. and the selling shareholders are offering 26,100,000 ordinary shares, consisting of 6,800,000 ordinary shares offered by us and 19,300,000 ordinary shares being offered by the selling shareholders. This is an initial public offering of our ordinary shares. No public market currently exists for our ordinary shares. We will not receive any proceeds from the sale of ordinary shares by the selling shareholders. We expect the initial public offering price of our ordinary shares to be between $22.00 and $24.00 per share.

Our ordinary shares have been authorized for listing on the New York Stock Exchange under the symbol "AER".

Investing in our ordinary shares involves risks. See "Risk Factors" beginning on page 15 of this prospectus.

	Price $	*Per Share*		
	Price to Public	**Underwriting Discounts and Commissions**	**Proceeds to Us**	**Proceeds to Selling Shareholders**
Per Ordinary Share	$	$	$	$
Total	$	$	$	$

The selling shareholders have granted the underwriters the right for a period of 30 days to purchase up to an additional 3,915,000 ordinary shares to cover over-allotments, if any.

The Securities and Exchange Commission and state securities regulators have not approved or disapproved these securities, or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the ordinary shares to purchasers on , 2006.

Morgan Stanley

Goldman, Sachs & Co.

Lehman Brothers

Merrill Lynch & Co.

UBS Investment Bank

Wachovia Securities

JPMorgan

Citigroup

Calyon Securities (USA) Inc.

, 2006

A Global Aviation Company

AERCAP Aviation Solutions

Selected Customers

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ABOUT THIS PROSPECTUS

This document may only be used where it is legal to offer or sell these securities. The information in this prospectus is accurate only as of the date of this prospectus, regardless of when this prospectus is delivered or when any offer or sale of our ordinary shares occurs.

Neither we nor the selling shareholders have taken any action to permit a public offering of the ordinary shares outside the United States. Persons outside the United States who come into possession of this prospectus must inform themselves about and observe any restrictions relating to the offering of the ordinary shares and the distribution of this prospectus outside of the United States.

Until , all dealers that buy, sell or trade ordinary shares, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

PROSPECTUS SUMMARY

The following summary is qualified in its entirety by the more detailed information and consolidated financial statements and related notes appearing in this prospectus. This summary may not contain all of the information that may be important to you. Before investing in our ordinary shares, you should read this entire prospectus carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and related notes and the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations". In this prospectus, the "Company," "we," "us" and "our" refer to AerCap Holdings N.V., its consolidated subsidiaries, its predecessors, AerCap Holdings C.V. and AerCap B.V. (formerly known as debis AirFinance B.V.) and their consolidated subsidiaries and, unless the context otherwise requires, AeroTurbine, Inc.

Our Company

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We possess extensive aviation expertise that permits us to extract value from every stage of an aircraft's lifecycle across a broad range of aircraft and engine types. We also provide aircraft management services and perform aircraft and engine maintenance, repair and overhaul, or MRO, services and aircraft disassemblies through our certified repair stations. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of September 30, 2006, we owned 109 aircraft and 61 engines, managed 110 aircraft, had 79 new aircraft and six new engines on order, had entered into purchase contracts for 17 aircraft with GATX Financial Corporation and had executed letters of intent to purchase an additional nine aircraft. In addition, on October 17, 2006, we signed a letter of intent with Airbus S.A.S. to purchase 20 new A330-200 widebody aircraft. As of April 2006, we had the fifth largest aircraft leasing portfolio in the world and the third largest new aircraft order book among operating lessors, according to Simat Helliesen & Eichner, Inc., or SH&E, in each case by number of aircraft.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk, of the residual value of the equipment at the end of the lease. As of September 30, 2006, our owned and managed aircraft and engines were leased to 97 commercial airline and cargo operator customers in 47 countries and are managed from our offices in The Netherlands, Ireland and the United States. We expect to expand our leasing activity in Asia and in China in particular through our AerDragon joint venture with China Aviation Supplies Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. From January 1, 2003 to September 30, 2006, we executed over 950 aircraft and engine transactions, including 245 aircraft leases, 232 engine leases, 101 aircraft purchase or sale transactions, 167 engine purchase or sale transactions and the disassembly of 40 aircraft and 133 engines. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios. Between January 1, 2003 and September 30, 2006, our weighted average owned aircraft utilization rate was 98.8%.

In 2005, we generated total revenues of $628.2 million and net income of $108.4 million, and in the nine months ended September 30, 2006, we generated total revenues of $661.6 million and net

income of $104.9 million, each on a pro forma basis after giving effect to our acquisition by funds and accounts affiliated with Cerberus Capital Management, L.P., or the 2005 Acquisition, our acquisition of AeroTurbine, Inc., or the AeroTurbine Acquisition, and this offering, each as if it had occurred on January 1, 2005. Primarily as a result of an impairment charge to write off goodwill of our predecessor prior to the 2005 Acquisition we recorded a loss of $105.4 million and revenues of $390.9 million in 2004, the results of which did not include AeroTurbine.

Our Business Strategy

We intend to pursue the following business strategies. See "Business—Our Business Strategy" beginning on page 135 of this prospectus for a more detailed discussion of our business strategy.

Leverage Our Ability to Manage Aircraft and Engines Profitably throughout their Lifecycle. We intend to continue to leverage our integrated business model by selectively:

- purchasing aircraft and engines directly from manufacturers;
- taking advantage of price incentives offered by sellers for the purchase of entire portfolios of aircraft and engines of varying ages and types;
- using our global customer relationships to obtain favorable lease terms and reduce time off-lease;
- selling select aircraft and engines;
- disassembling older airframes and engines for sale of their component parts; and
- providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Our ability to profitably manage aircraft throughout their lifecycle depends in part on our successful integration of AeroTurbine, which we acquired in April 2006, our ability to successfully lease aircraft and engines at profitable rates and our ability to source acquisition opportunities of new and used aircraft at favorable prices.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, airline refleetings, and other opportunistic aircraft and engine purchases.

Focus on High Growth Markets. Although we maintain a geographically diverse portfolio, we focus on high growth airline markets such as the Asia/Pacific market.

Enter into Joint Ventures to Obtain Economies of Scale. We intend to continue to enter into joint ventures that increase our purchasing power and our ability to obtain price discounts on large aircraft orders.

Obtain Maintenance Cost Savings. We intend to lower our aircraft and engine maintenance costs by using aircraft and engine parts we obtain from the selective disassembly of acquired airframes and engines.

Acquire Complementary Businesses. We intend to selectively pursue acquisitions that we believe will enhance our ability to manage aircraft and engines profitably throughout their lifecycle.

Our Competitive Strengths

We believe the following competitive strengths will allow us to capitalize on growth opportunities in the global commercial aviation market. See "Business—Our Competitive Strengths" beginning on page 134 of this prospectus for a more detailed discussion of our competitive strengths.

- Our integrated business model allows us to manage aircraft and engines profitably throughout their lifecycle, from initial purchase through leasing, sale or eventual disassembly for the sale of parts.
- We have a modern and fuel-efficient aircraft and engine portfolio, focused on the widely-used Airbus A320 family aircraft and CFM56 family engines.
- Our global remarketing capability and diversified customer base enables us to maintain a high utilization rate for our assets and reduce our exposure to customer concentration and fluctuations in regional economic conditions.
- We have an active aircraft and engine trading business, led by our asset trading team of 19 dedicated professionals.
- Our substantial size and breadth of operations allow us to diversify our customer base and offer our customers a broad range of flexible aircraft and engine leasing options.
- We have $1.2 billion of revolving credit facilities that provide us with efficient access to capital, and we have raised over $18 billion globally since 1996.
- We have an attractive aircraft management business and managed 110 aircraft as of September 30, 2006.
- Our management team has an average of 17 years' experience in the aviation industry and extensive expertise in aircraft and engine leasing, trading, financing and risk management.

Risks

An investment in our ordinary shares involves a high degree of risk. You should carefully consider the risks described in "Risk Factors" before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of those risks. The trading price of our ordinary shares could decline due to any of those risks or other factors, and you may lose all or part of your investment. Below is a summary of the principal risks we face.

- Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire, and we may not be able to do so on favorable terms, if at all.
- If we are unable to successfully integrate AeroTurbine, we may not be able to implement our business strategy.
- Interest rates have a significant impact on our financial results, and changes in interest rates may adversely affect our financial results and growth prospects.
- The aircraft and engine leasing, trading and parts sales businesses have historically experienced prolonged periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially and adversely affect our financial results and growth prospects.
- Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults and other credit problems could adversely affect our financial results and growth prospects.
- The concentration of some aircraft and engine models in our aircraft and engine portfolios could adversely affect our business and financial results should any problems specific to these particular models occur.

- We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results and growth prospects.

- Our substantial indebtedness incurred to acquire our aircraft and engines requires significant debt service payments. As of September 30, 2006, our consolidated indebtedness was $2.5 billion and our interest on term debt expense (including the impact of hedging activities) was $69.9 million in the six months ended June 30, 2005, $44.7 million in the six months ended December 31, 2005 and $111.4 million in the nine months ended September 30, 2006.

- If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

- If the ownership of our ordinary shares continues to be highly concentrated, it may prevent you and other minority shareholders from influencing significant corporate decisions and may result in conflicts of interest. After giving effect to this offering, assuming that the underwriter's over-allotment option is not exercised, Cerberus will beneficially own 57.5% of our ordinary shares.

Industry Trends

We believe that trends in the aviation industry identified by SH&E, a recognized expert in the aviation industry, and described in "Aircraft, Engine and Aviation Parts Industry" create a favorable environment for us to leverage our competitive strengths and grow our business. We believe that our operating capabilities and aircraft and engine portfolios will provide us with a competitive advantage in the expanding aviation market. The trends identified by SH&E include:

Growing Demand for Air Travel. Globalization and the rapid economic growth in major emerging markets such as India and China have fueled significant growth in global demand for air travel. The Airline Monitor, a commercial aviation data analysis publication, forecasts that air traffic will grow at an average rate of 5.2% per year through 2025.

Fundamental Imbalance between Supply and Demand for Aircraft, Engines and Aircraft Equipment. In recent years, the increased demand for aircraft, engines and parts, combined with a decreased supply, has resulted in a supply-demand imbalance for certain aircraft, engines and parts. The primary factors affecting aircraft demand include rapid airline passenger growth in emerging markets, higher fuel prices, which has increased demand for fuel-efficient aircraft, the emergence of low cost carriers and industry restructuring in developed markets. The primary factors affecting aircraft supply include the aging world aircraft fleet, the significant backlog of aircraft production, the limited ability of airframe manufacturers to increase production and continued technological innovation in aviation equipment.

Greater Reliance on Operating Leases. In recent years, airlines have increasingly turned to operating leases to meet their aircraft financing needs. Operating leases permit airlines to reduce their capital commitments, improve their balance sheets, increase fleet planning flexibility and reduce residual value risk. According to SH&E, approximately 30% of the global aircraft fleet is currently operated under operating leases and SH&E forecasts that 40% of the global aircraft fleet will be operated under operating leases by 2020.

Despite these positive recent trends, the aircraft and engine leasing and trading industries have, in the past, experienced periods of aircraft and engine oversupply. The oversupply of a specific type of aircraft or engine is likely to depress the lease rates for, and the value of, that type of aircraft or engine. The supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control.

* * *

Our Corporate History and Shareholding Structure

We were formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 to acquire all of the assets and liabilities of AerCap Holdings C.V. a Netherlands limited partnership. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as debis AirFinance B.V.). On June 30, 2005, AerCap Holdings C.V. acquired all of AerCap B.V.'s shares and liabilities owed by AerCap B.V. to its prior shareholders for total consideration of $1.4 billion, $370.0 million of which was funded with equity contributions by the selling shareholders. Substantially all of the equity funding for the 2005 Acquisition was provided by funds and accounts affiliated with Cerberus Capital Management, L.P., or Cerberus, who will retain control of us after this offering. Members of our senior management are also indirect shareholders of the selling shareholders. Assuming a public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the front cover of this prospectus and that all vested options exercisable on the closing date of this offering which have no exercise price are exercised on the closing date, Cerberus will receive $405.2 million from the proceeds of this offering if the underwriters do not exercise their over-allotment option and $475.4 million from the proceeds of this offering if the underwriters exercise their over-allotment option. See "Use of Proceeds" and "Principal and Selling Shareholders" for more information regarding our ownership structure and the proceeds that Cerberus as well as members of our senior management will receive from this offering.

On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc. an engine trading and leasing and parts sales company.

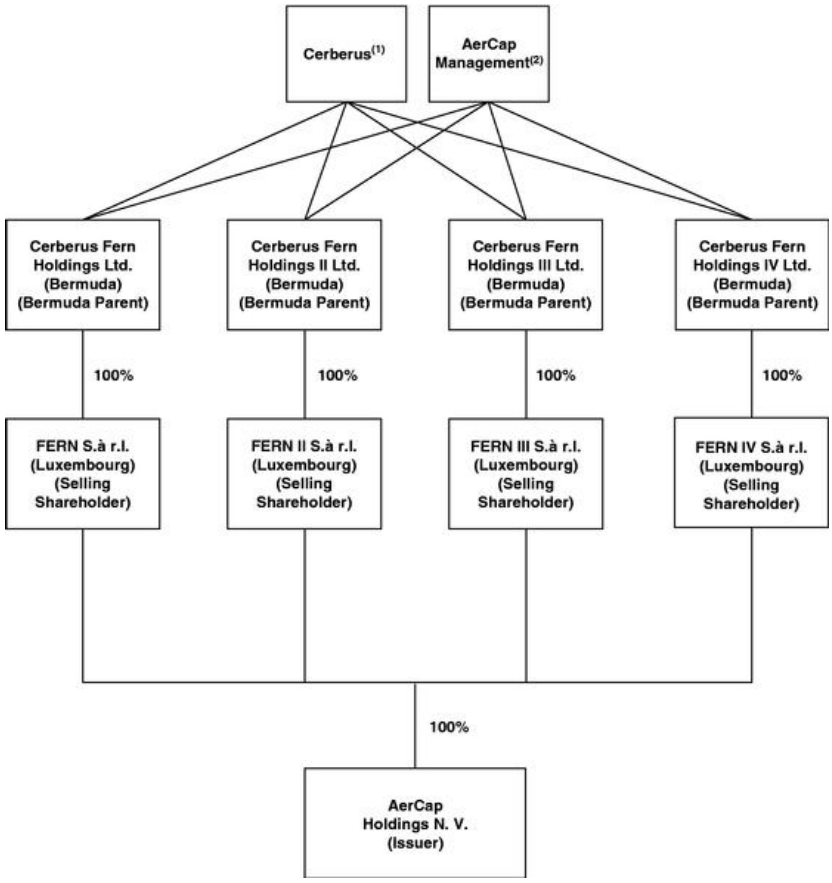
On October 27, 2006, AerCap Holdings N.V. acquired all of the assets and liabilities of AerCap Holdings C.V.

In connection with the hiring of Keith Helming, our new Chief Financial Officer, on August 21, 2006, Cerberus agreed to provide him equity incentives under an equity incentive plan offered by our indirect shareholders. Our indirect shareholders granted options to purchase their common shares representing, in the aggregate, indirectly 977,962 of our ordinary shares for an exercise price of $5.2 million. On September 5, 2006, our indirect shareholders also granted options under their incentive plans to four non-executive directors that are not employees of Cerberus Capital Management, L.P. or its affiliates and additional options to two members of our senior management. The September 5, 2006 options to purchase common shares represented, in the aggregate, indirectly 658,203 of our ordinary shares for an exercise price of $3.5 million.

Financial Results for the Three Months Ended December 31, 2006

Our financial results for the three months ended December 31, 2006 will be affected by non-cash compensation expense we will recognize from the vesting of options and restricted stock previously granted or sold to the owners of AeroTurbine at the time of its acquisition by us and to members of our senior management and one consultant primarily in connection with the 2005 Acquisition. As a result, assuming an initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, we expect to recognize approximately $73 million of non-cash compensation expense before tax in the fourth quarter of 2006 and expect to report a net loss for the period. See "Management's Discussion of Results of Operations and Financial Position—Operating Expenses—Selling, General and Administrative Expenses".

The following chart sets forth our shareholders' ownership structure prior to this offering.



(1) Cerberus beneficially owns 99.6% of the Bermuda Parents' preferred shares and 86.0% of their common shares. The Bermuda Parents intend to redeem their preferred shares with a portion of the proceeds received by the selling shareholders in this offering. See "Use of Proceeds".

(2) As of the date of this prospectus, members of our senior management owned 0.4% of the Bermuda Parents preferred shares and 14.0% of their common shares. In addition members of our senior management and Board of Directors also own options to purchase common shares of the Bermuda Parents exercisable upon or within 60 days of the closing of this offering. If all such options were exercised, Cerberus would own 83.0% of the common shares of the Bermuda Parents and members of our senior management and Board of Directors and a consultant would own the remaining 17.0%

Our principal executive offices are located at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, The Netherlands, and our general telephone number is +31 20 655-9655. Our website address is www.aercap.com. Information contained on our website does not constitute a part of this prospectus.

* * *

Explanatory Note Regarding Our Aircraft Portfolio

Unless otherwise noted or the context requires, all references in this prospectus to:

- "owned aircraft" refers to aircraft to which we hold legal title, aircraft to which we are the primary economic beneficiary, such as the aircraft legally owned by Aircraft Lease Securitisation Limited and other financing structures established by us, and aircraft owned by our consolidated joint ventures, all of which are reflected on our balance sheets; and

- "managed aircraft" refers to the aircraft owned by third parties and our non-consolidated financing structures and joint ventures. Managed aircraft also include the aircraft which we leased-in pursuant to operating leases from the owners of the aircraft and in turn subleased to commercial airlines. These aircraft are not reflected on our balance sheets.

In this prospectus, unless otherwise specified, when we discuss our aircraft portfolio, we describe our owned and managed portfolio as of September 30, 2006. References to lease revenues from our aircraft portfolio are to our owned portfolio for the year ended December 31, 2005 or prior periods where indicated.

The definitions above are intended to include, where the context requires, all relevant aircraft in the same categories in the future. References to the number of aircraft and engines we lease, buy, sell and have on order in this prospectus include our owned and managed aircraft and engines. Also, unless the context otherwise requires, all weighted average age percentages and weighted average lease terms of owned aircraft in this prospectus have been calculated using net book value.

THE OFFERING

Shares offered in this offering:	
Ordinary shares offered by us	6,800,000 shares
Ordinary shares offered by the selling shareholders	19,300,000 shares
Over-allotment option:	
Ordinary shares offered by the selling shareholders	3,915,000 shares
Total ordinary shares outstanding after the offering	85,036,957 shares
Selling shareholders	Four Luxembourg limited liability companies indirectly owned by Cerberus and members of our senior management.
Use of proceeds	We will use the net proceeds from the sale of our ordinary shares to repay a portion of our outstanding senior secured term loan and/or junior subordinated loan incurred in connection with our acquisition of AeroTurbine in April 2006. Cerberus and members of our senior management will not receive any of the proceeds from the sale of ordinary shares by us. Cerberus and members of our senior management will receive all of the net proceeds from the sale of the ordinary shares being offered by the selling shareholders. We will not receive any net proceeds from the sale of the ordinary shares by the selling shareholders. See "Use of Proceeds".
Dividend Policy	To date, we have not declared or paid any dividends on our ordinary shares. We intend to retain our future earnings to fund working capital and our growth and do not expect to pay dividends in the foreseeable future. See "Dividend Policy".
Risk Factors	See "Risk Factors" beginning on page 15 of this prospectus and other information included in this prospectus for a discussion of factors you should carefully consider before deciding to invest in the ordinary shares.
Listing	Our ordinary shares have been authorized for listing on the New York Stock Exchange under the symbol "AER".
Tax Considerations	See "Tax Considerations" beginning on page 189.

Unless the context otherwise requires, all information in this prospectus:

- assumes a public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus;
- reflects a 1,738.6 to 1 stock split of our ordinary shares;
- assumes the underwriters' over-allotment option has not been exercised; and
- reflects AerCap Holdings N.V.'s acquisition of all of the assets and liabilities of AerCap Holdings C.V., which occurred on October 27, 2006.

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

The following table presents AerCap Holdings C.V.'s (the successor company) and AerCap B.V.'s (the predecessor company) summary historical consolidated financial and operating data for each of the periods indicated, prepared in accordance with generally accepted accounting principles in the United States, or US GAAP. You should read this information in conjunction with AerCap Holdings C.V.'s audited consolidated financial statements and related notes, unaudited condensed consolidated interim financial statements and related notes and the information under "Selected Consolidated Financial Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this prospectus.

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 and acquired all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership on October 27, 2006. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V. (formerly known as debis AirFinance B.V.) in connection with the 2005 Acquisition. The financial information presented as of and for the fiscal years ended December 31, 2003 and 2004 and the six months ended June 30, 2005 and December 31, 2005 was derived from AerCap Holdings C.V.'s audited consolidated financial statements included in this prospectus. The financial information presented for the three months ended September 30, 2005 and as of and for the nine months ended September 30, 2006 was derived from AerCap Holding C.V.'s unaudited condensed consolidated interim financial statements included in this prospectus.

	AerCap B.V.			AerCap Holdings C.V.		
	Year ended December 31,		Six months ended	Three months ended	Six months ended	Nine months ended
	2003 (restated) (1)(2)(3)	2004 (restated) (2)(3)	June 30, 2005 (3)	September 30, 2005	December 31, 2005 (3)(4)	September 30, 2006*
	(In thousands, except per share amounts)					
Consolidated Income Statements Data:						
Revenues						
Lease revenue	$ 343,045	$ 308,500	$ 175,333	$ 81,325	$ 173,568	$ 311,131
Sales revenue	7,499	32,050	79,574	—	12,489	236,665
Management fee revenue	13,400	15,009	6,512	4,044	7,674	10,330
Interest revenue	22,432	21,641	13,130	10,448	20,335	26,656
Other revenue	84,568	13,667	3,459	174	1,006	18,014
Total revenues	**470,944**	**390,867**	**278,008**	**95,991**	**215,072**	**602,796**
Expenses						
Depreciation and amortization	143,303	125,877	66,407	22,477	45,918	72,347
Cost of goods sold	6,657	18,992	57,632	—	10,574	183,264
Interest on term debt	123,435	113,132	69,857	24,868	44,742	111,432
Impairments(5)	6,066	134,671	—	—	—	—
Other expenses	87,079	66,940	26,726	10,708	26,656	44,676
Selling, general and administrative expenses	39,267	36,449	19,559	10,937	26,949	66,571
Total expenses	**405,807**	**496,061**	**240,181**	**68,990**	**154,839**	**478,290**
Income (loss) from continuing operations before income taxes and minority interests	**65,137**	**(105,194)**	**37,827**	**27,001**	**60,233**	**124,506**
Provision for income taxes	(28,222)	(168)	(4,127)	(4,086)	(10,570)	(20,094)
Minority interests net of tax	—	—	—	—	—	730
Net income (loss)	**$ 36,915**	**$ (105,362)**	**$ 33,700**	**$ 22,915**	**$ 49,663**	**$ 105,142**
Earnings (loss) per share, basic and diluted	50.14	(143.12)	45.78	—	—	—
Weighted average shares outstanding, basic and diluted	736	736	736	—	—	—
Pro forma earnings per share, basic and diluted, due to change in organizational structure (unaudited)(6)	—	—	—	0.27	0.60	1.29

Pro forma weighted average shares, basic and diluted, (unaudited)(6)	—	—	—	78,237	78,237	78,237

* Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to September 30, 2006.

	AerCap B.V.			AerCap Holdings C.V.		
	Year ended December 31,		Six months ended	Three months ended	Six months ended	Nine months ended
	2003 (restated) (1)(2)	2004 (restated) (2)	June 30, 2005 (restated)(2)	September 30, 2005	December 31, 2005 (restated) (2)(4)	September 30, 2006*
	(US dollars in thousands)					
Consolidated Statements of Cash Flows Data:						
Net cash provided by operating activities	$ 123,614	$ 91,933	$ 107,275	$ 43,323	$ 109,238	$ 176,292
Net cash (used in) provided by investing activities	(316,170)	(218,481)	14,525	(1,657,330)	(1,431,259)	(344,483)
Net cash provided by (used in) financing activities	237,901	136,546	(142,005)	1,708,802	1,505,472	201,224
Other Financial Data (unaudited):						
EBITDA(7)	$ 331,875	$ 133,815	$ 174,091	$ 74,346	$ 150,893	$ 309,015

* Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to September 30, 2006.

	AerCap Holdings C.V.	
	As of December 31, 2005	As of September 30, 2006
	(US dollars in thousands)	
Consolidated Balance Sheet Data:		
Assets		
Cash and cash equivalents	$ 183,554	$ 215,325
Restricted cash	157,730	125,065
Flight equipment held for operating leases, net	2,189,267	2,542,119
Notes receivable, net of provisions	196,620	158,303
Prepayments on flight equipment	115,657	129,496
Other assets	218,405	381,039
Total assets	**$ 3,061,233**	**$ 3,551,347**
Term debt	2,172,995	2,458,977
Other liabilities	468,575	552,601
Partners' capital	419,663	539,769
Total liabilities and partners' capital	**$ 3,061,233**	**$ 3,551,347**

(1) Includes the results of operations and cash flows for AerCo Limited, or AerCo. On March 31, 2003, we sold a portion of our interest in AerCo and then deconsolidated it from our accounts because it was determined that we were no longer the primary beneficiary as of March 31, 2003. The amount of total revenue attributable to AerCo in the three months ended March 31, 2003 was $106.4 million (including $72.2 million of other income). See Note 1 to our audited consolidated financial statements contained in this prospectus.

(2) AerCap B.V. restated its consolidated financial statements as of December 31, 2003 and 2004 and for each of the two years in the period ended December 31, 2004. The effect of the restatement on retained earnings was ($133,036) as of January 1, 2003. The effect of the restatements on net income and retained earnings was $90,974 and ($42,062), respectively, for the year ending December 31, 2003 and $19,913 and ($22,149), respectively, for the year ending December 31, 2004. In addition, AerCap Holdings C.V. restated its consolidated cash flow statement for the six months ended June 30, 2005 and December 31, 2005. See Note 1 to our audited consolidated financial statements contained in this prospectus.

(3) Certain reclassifications to the prior presentation have been made in these periods to conform the presentation in these historical periods to the presentation for the nine months ended September 30, 2006. The changes (i) reclassify the presentation in net gain on sale of assets to a gross presentation to show sales revenue and cost of goods sold and reclassify the net gain on sale of financial assets to other revenue and (ii) reclassify our depreciation and amortization expenses from aircraft depreciation and selling, general and administrative expenses and present these expenses in a new line item entitled depreciation and amortization. These reclassifications have had no impact on our income from continuing operations before income taxes and minority interests, net income or earnings per share. See Note 1 to our audited consolidated financial statements contained in this prospectus.

(4) We were formed on June 27, 2005; however, we did not commence operations until June 30, 2005, when we acquired all of the shares and certain of the liabilities of AerCap B.V. Our initial accounting period was from June 27, 2005 to December 31, 2005, but we generated no material revenue or expense between June 27, 2005 and June 30, 2005 and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled our initial accounting period in table headings in this prospectus as the six months ended December 31, 2005.

(5) Includes goodwill impairment, aircraft impairment and investment impairment.

(6) The pro forma earnings per share has been calculated to show the net income and earnings per share as if AerCap Holdings C.V. were a taxable corporation from June 30, 2005, as if it had 78,236,957 shares outstanding, which is the number of shares issued by AerCap Holdings N.V. upon its incorporation after giving effect to a 1,738.6 to 1 stock split and to reflect the tax impact of changing from a non-taxable partnership to a taxable corporation. See Note 2 "Pro Forma Information Due to Change in Organizational Structure (unaudited)" to our audited consolidated financial statements and Note 8 to our unaudited condensed consolidated interim financial statements in this prospectus.

(7) We define EBITDA as income (loss) from continuing operations before provision for income taxes, interest on term debt and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-US GAAP measure is helpful in identifying trends in our performance. This measure provides an assessment of controllable revenue and expenses and enhances management's ability to make decisions with respect to resource allocation and whether we are meeting established financial goals.

EBITDA provides us with a useful measure of our operating performance because it assists us in comparing our operating performance in different periods without the impact of our capital structure (primarily interest charges on our outstanding debt) and non-cash expenses related to our long-lived asset base (primarily depreciation and amortization) on our operating results. Accordingly, EBITDA measures our financial performance based on operational factors that management can impact in the short-term, such as our cost structure or expenses, and on a more medium-term basis, our revenues. EBITDA has limitations as an analytical tool and should not be viewed in isolation. EBITDA is a measure of operating performance that is not calculated in accordance with US GAAP. EBITDA should not be considered a substitute for net income, income from operations or cash flows provided by or used in operations, as determined in accordance with US GAAP. For more detailed discussion, see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Management's Use of EBITDA".

	AerCap B.V.			AerCap Holdings C.V.		
	Year ended December 31,		Six months ended	Three months ended	Six months ended	Nine months ended
	2003(1)	2004	June 30, 2005(3)	September 30, 2005	December 31, 2005(3)(4)	September 30, 2006
			(US dollars in thousands) (unaudited)			
EBITDA Reconciliation:						
Net income (loss)	$ 36,915	$ (105,362)	$ 33,700	$ 22,915	$ 49,663	$ 105,142
Depreciation and amortization	143,303	125,877	66,407	22,477	45,918	72,347
Interest on term debt	123,435	113,132	69,857	24,868	44,742	111,432
Provision for income taxes	28,222	168	4,127	4,086	10,570	20,094
EBITDA	**$ 331,875**	**$ 133,815**	**$ 174,091**	**$ 74,346**	**$ 150,893**	**$ 309,015**

SUMMARY UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following summary unaudited consolidated pro forma income statements for the nine months ended September 30, 2005 and 2006 and for the year ended December 31, 2005 have been derived by the application of pro forma adjustments to AerCap Holdings C.V.'s unaudited condensed consolidated interim financial statements and audited consolidated financial statements and AeroTurbine's audited combined financial statements included in this prospectus and AeroTurbine's unaudited combined interim financial statements for the period from January 1, 2006 to April 25, 2006 that are not included in this prospectus.

The summary unaudited consolidated pro forma income statement for the nine months ended September 30, 2006 gives effect to the following as if they had occurred on January 1, 2005:

- the AeroTurbine Acquisition and related conforming accounting changes;
- AerCap Holdings N.V.'s acquisition of all the assets and liabilities of AerCap Holdings C.V.; and
- this offering and our use of proceeds.

The summary unaudited consolidated pro forma income statements for the nine months ended September 30, 2005 and the year ended December 31, 2005 give effect to the following as if they had occurred on January 1, 2005:

- the 2005 Acquisition;
- the AeroTurbine Acquisition and related conforming accounting changes;
- AerCap Holdings N.V.'s acquisition of all the assets and liabilities of AerCap Holdings C.V.; and
- this offering and our use of proceeds.

The summary unaudited consolidated pro forma financial information is based on assumptions and preliminary data and reflects adjustments described under "Unaudited Consolidated Pro Forma Financial Information" and the accompanying notes. The summary unaudited consolidated pro forma financial information is being furnished solely for informational purposes and is not intended to represent or be indicative of the results that we would have reported if the transactions identified above had occurred on the dates indicated, nor does it purport to represent the results of operations we will obtain in future periods. The summary unaudited consolidated pro forma financial information should be read in conjunction with AerCap Holdings C.V's unaudited condensed consolidated interim financial statements and the related notes, AerCap Holdings C.V.'s audited consolidated financial statements and related notes and AeroTurbine's audited combined financial statements and the related notes included in this prospectus.

For additional information regarding our summary unaudited consolidated pro forma financial information, see "Unaudited Consolidated Pro Forma Financial Information".

Summary Unaudited Consolidated Pro Forma Financial Information

	Year ended December 31, 2005	Nine months ended September 30, 2005	Nine months ended September 30, 2006
	(US dollars in thousands, except per share amounts)		
Consolidated Income Statement Data:			
Revenues			
Lease revenue	$ 390,757	$ 285,575	$ 328,701
Sales revenue	179,809	148,550	277,803
Management fee revenue	14,186	10,556	10,330
Interest revenue	38,083	28,193	26,661
Other revenue	5,380	3,803	18,070
Total revenues	**628,215**	**476,677**	**661,565**
Expenses			
Depreciation and amortization	108,206	79,753	76,049
Cost of goods sold	134,930	105,409	216,379
Interest on term debt	100,218	84,621	108,323
Operating lease in costs	24,086	19,120	18,925
Leasing expenses	33,879	23,322	30,251
Provision for doubtful notes and accounts receivable	6,163	2,944	(847)
Selling, general and administrative expenses	87,135	61,617	82,381
Total expenses	**494,617**	**376,786**	**531,461**
Income from continuing operations before income taxes and minority interests	**133,598**	**99,891**	**130,104**
Provision for income taxes	(25,191)	(18,507)	(25,906)
Minority interests net of taxes	—	—	730
Net income	**$ 108,407**	**$ 81,384**	**$ 104,928**
Net income per share (basic/diluted)	1.27	0.96	1.23

RISK FACTORS

An investment in our ordinary shares involves a high degree of risk. You should carefully consider the risks described below before making an investment decision. Our business, financial condition and results of operations could be materially and adversely affected by any of these risks. The trading price of our ordinary shares could decline due to any of these risks or other factors, and you may lose all of part or your investment. The risks described below are those that we currently believe may materially affect us. This prospectus also contains forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this prospectus.

Risks Related to Our Business

Our business model depends on the continual re-leasing of our aircraft and engines when current leases expire, and we may not be able to do so on favorable terms, if at all.

Our business model depends on the continual re-leasing of our aircraft and engines when our current leases expire in order to generate sufficient revenues to finance our growth and operations and pay our debt service obligations. Between September 30, 2006 and December 31, 2009, aircraft leases accounting for approximately 58.0% of our lease revenues for the year ended December 31, 2005, are scheduled to expire and the aircraft subject to those leases will need to be re-leased or extended. In addition, nearly all of our engines are subject to short-term leases, which are generally less than 180 days. Our ability to re-lease our aircraft and engines will depend on general market and competitive conditions at the time the leases expire. The general market and competitive conditions may be affected by many factors which are outside of our control.

In 2005, we generated $12.3 million of revenues from leases that were scheduled to expire in the three months ended December 31, 2006, $50.2 million of revenues from leases that were scheduled to expire in 2007, $54.6 million of revenues from leases that were scheduled to expire in 2008 and $85.1 million of revenues from leases that were scheduled to expire in 2009. Since we lease most of our engines under short-term leases (90 to 180 days), we generally re-lease our engines at least once a year. If we are unable to re-lease an aircraft or engine on acceptable terms, our lease revenue may decline and we may need to sell the aircraft or engines at unfavorable prices to provide adequate funds for our debt service obligations and to otherwise finance our growth and operations.

If we are unable to successfully integrate AeroTurbine, we may not be able to implement our business strategy.

We acquired AeroTurbine in April 2006. Our inability to integrate AeroTurbine would adversely affect a critical component of our business strategy which is focused on leveraging our ability to manage aircraft profitably throughout their lifecycle. AeroTurbine's engine leasing business, airframe and engine disassembly business and its MRO capabilities are critical components of this strategy because we believe that these businesses and capabilities broaden our ability to extract value from a wide range of aircraft assets, particularly older aircraft, and to lower our maintenance costs. Our ability to successfully integrate AeroTurbine will depend, in part, on the efforts of the former owners of AeroTurbine who are currently its Chief Executive Officer and Chief Operating Officer. If we are unable to successfully integrate AeroTurbine, we may acquire aircraft and engines that we may not be able to lease at attractive rates, if at all, or profitably disassemble for sale by our parts business. As a result, we may overpay for new aircraft or engines that we acquire. AeroTurbine has different management information and accounting systems than we do, which will need to be integrated into our systems. As we integrate these systems we may discover weaknesses or limitations in AeroTurbine's management information and accounting systems and internal controls. We may be required to hire

additional personnel at AeroTurbine as it transitions to becoming part of our consolidated group and we become a public company. In addition, even if we are able to successfully integrate AeroTurbine, we may be required to incur increased or unanticipated costs. If we are unable to successfully integrate AeroTurbine or if we experience increased costs in integrating AeroTurbine, we may not be able to implement our business strategy, our financial results and growth prospects may be materially and adversely affected, and we may fail to benefit from the synergies we expect to result from the AeroTurbine Acquisition.

Changes in interest rates may adversely affect our financial results and growth prospects.

We use floating rate debt to finance the acquisition of a significant portion of our aircraft and engines. All of our revolving credit facilities have floating interest rates. As of December 31, 2005 and September 30, 2006, we had $1.8 billion and $2.1 billion, respectively, of indebtedness outstanding that was floating rate debt. We incurred floating rate interest expense of $87.1 million in the nine months ended September 30, 2006. If interest rates increase, we would be obligated to make higher interest payments to our lenders. Our practice has been to hedge the expected future interest payments on a portion of our floating-rate liabilities by entering into derivative contracts. However, we remain exposed to changes in interest rates to the extent that our hedges are not perfectly correlated to our financial liabilities. In addition, if we incur significant fixed rate debt in the future, increased interest rates prevailing in the market at the time of the incurrence or refinancing of such debt will also increase our interest expense.

Changes in interest rates may also adversely affect our lease revenues generated from leases with lease rates tied to floating interest rates. In the nine months ended September 30, 2006, 31.7% of our lease revenue was attributable to leases tied to floating interest rates. Therefore, if interest rates were to decrease, our lease revenue would decrease. In addition, because our fixed rate leases are based, in part, on prevailing interest rates at the time we enter into the lease; if interest rates decrease, new leases we enter into will be at lower lease rates and our lease revenue will be adversely affected. As of December 31, 2005, if interest rates were to increase by 1%, we would expect to incur an increase in interest expense on our floating rate indebtedness of approximately $9.1 million on an annualized basis, excluding the offsetting benefits of interest rate hedges currently in effect, and, if interest rates were to decrease by 1%, we would expect to generate $9.5 million less lease revenue on an annualized basis.

The aircraft and engine leasing, trading and parts sales businesses have historically experienced prolonged periods of oversupply during which lease rates and aircraft values have declined, and any future oversupply could materially and adversely affect our financial results and growth prospects.

In the past, the aircraft and engine leasing, buying and selling businesses have experienced prolonged periods of aircraft and engine oversupply. The oversupply of a specific type of aircraft or engine is likely to depress the lease rates for and the value of that type of aircraft or engine. The supply and demand for aircraft and engines is affected by various cyclical and non-cyclical factors that are outside of our control, including:

- passenger and air cargo demand;
- fuel costs and general economic conditions;
- geopolitical events, including war, prolonged armed conflict and acts of terrorism;
- outbreaks of communicable diseases and natural disasters;
- governmental regulation;
- interest rates;

- the availability of credit;
- airline restructurings and bankruptcies;
- manufacturer production levels and technological innovation;
- manufacturers merging or exiting the industry or ceasing to produce aircraft types;
- retirement and obsolescence of aircraft models;
- reintroduction into service of aircraft previously in storage; and
- airport and air traffic control infrastructure constraints.

These factors may produce sharp and prolonged decreases in aircraft and engine lease rates and values, and have a material adverse effect on our ability to re-lease our aircraft and engines and/or sell our aircraft engines and parts at acceptable prices. Any of these factors could materially and adversely affect our financial results and growth prospects.

Our financial condition is dependent, in part, on the financial strength of our lessees; lessee defaults and other credit problems could adversely affect our financial results and growth prospects.

Our financial condition depends on the financial strength of our lessees, our ability to diligence and appropriately assess the credit risk of our lessees and the ability of lessees to perform under their leases. In 2005 and in the nine months ended September 30, 2006, we generated 62.2% and 49.7%, respectively, of our pro forma revenues from leases to the airline industry, and as a result, we are indirectly affected by all the risks facing airlines today. The ability of our lessees to perform their obligations under our leases will depend primarily on the lessee's financial condition and cash flow, which may be affected by factors outside our control, including:

- competition;
- fare levels;
- passenger and air cargo rates;
- passenger and air cargo demand;
- geopolitical and other events, including war, acts of terrorism, outbreaks of epidemic diseases and natural disasters;
- increases in operating costs, including the price and availability of jet fuel and labor costs;
- labor difficulties;
- economic conditions and currency fluctuations in the countries and regions in which the lessee operates; and
- governmental regulation and associated fees affecting the air transportation business.

Generally, airlines with high debt leverage are more likely than airlines with stronger balance sheets to seek operating leases. As a result, many of our existing lessees are in a weakened financial condition and may suffer liquidity problems, and, at any point in time, may experience lease payment difficulties or be significantly in arrears in their obligations under our operating leases. Some lessees encountering financial difficulties may seek a reduction in their lease rates or other concessions, such as a decrease in their contribution toward maintenance obligations. Any future downturns in the airline industry could greatly exacerbate the weakened financial condition and liquidity problems of some of

our lessees and further increase the risk of delayed, missed or reduced rental payments. We may not correctly assess the credit risk of each lessee or charge lease rates which correctly reflect the related risks and our lessees may not be able to continue to meet their financial and other obligations under our leases in the future. A delayed, missed or reduced rental payment from a lessee decreases our revenues and cash flow. Our default levels may increase over time if economic conditions deteriorate. If lessees of a significant number of our aircraft or engines default on their leases, our financial results and growth prospects will be adversely affected.

The value and lease rates of our aircraft and engines could decline and this would have a material adverse effect on our financial results and growth prospects.

Aircraft and engine values and lease rates have historically experienced sharp decreases due to a number of factors including, but not limited to, decreases in passenger and air cargo demand, increases in fuel costs, government regulation and increases in interest rates. In addition to factors linked to the aviation industry generally, many other factors may affect the value and lease rates of our aircraft and engines, including:

- the particular maintenance, operating history and documentary records of the aircraft or engine;
- the number of operators using that type of aircraft or engine;
- the regulatory authority under which the aircraft or engine is operated;
- whether the aircraft or engine is subject to a lease and, if so, whether the lease terms are favorable to the lessor;
- any renegotiation of a lease on less favorable terms;
- the negotiability of clear title free from mechanics liens and encumbrances;
- any regulatory and legal requirements that must be satisfied before the aircraft can be purchased, sold or re-leased;
- compatibility of our aircraft configurations or specifications with other aircraft owned by operators of that type;
- comparative value based on newly manufactured competitive aircraft or engines; and
- the availability of spare parts.

Any decrease in the value and lease rates of aircraft or engines which may result from the above factors or other unanticipated factors, may have a material adverse effect on our financial results and growth prospects.

The concentration of some aircraft and engine models in our aircraft and engine portfolios could adversely affect our business and financial results should any problems specific to these particular models occur.

Due to the high concentration of Airbus A320 family aircraft and CFM56 family engines in our aircraft and engine portfolios, our financial results and growth prospects may be adversely affected if the demand for these aircraft or engine models declines, if they are redesigned or replaced by their manufacturer or if these aircraft or engine models experience design or technical problems. As of September 30, 2006, 89.1% of the net book value of our aircraft portfolio was represented by Airbus aircraft. Our owned aircraft portfolio included 12 aircraft types, the three highest concentrations of which together represented 76.0% of our aircraft by net book value, were Airbus A320 aircraft,

representing 31.0% of the net book value of our aircraft portfolio, Airbus A321 aircraft, representing 27.0% of the net book value of our aircraft portfolio, and Airbus A330 aircraft, representing 18.0% of the net book value of our aircraft portfolio, as of September 30, 2006. No other aircraft type represented more than 10% of our portfolio by net book value. In addition to our significant number of existing Airbus aircraft, we have 79 new Airbus A320 family aircraft on order either directly or indirectly through our consolidated joint venture, AerVenture, and have signed a letter of intent to purchase 20 new Airbus A330-200 widebody aircraft. We also have a significant concentration of CFM56 engines in our engine portfolio. As of September 30, 2006, 76.4% of the net book value of our engine portfolio was represented by CFM56 engines and 18.0% was represented by CF6 engines.

Should any of these aircraft or engine types or aircraft manufactured by Airbus in general encounter technical or other problems, the value and lease rates of those aircraft or engines will likely decline, and we may be unable to lease the aircraft or engines on favorable terms, if at all. Any significant technical problems with any such aircraft or engine models could result in the grounding of the aircraft or engines.

In addition, if Airbus experiences further financial difficulty we could be adversely affected. Airbus has announced that production delays on Airbus's A380 megajet are expected to reduce profits from 2007 to 2010 by $6 billion. Airbus has also announced that it will need to spend up to $10 billion to redesign its A350 aircraft. Following these announcements, the chief executive officers were forced to resign and were replaced. A new chief executive officer was appointed on July 3, 2006; however, amid announcements of further delays of the A380 aircraft and additional cost overruns, Airbus's chief executive officer resigned on October 9, 2006 and was replaced by the co-chief executive officer of Airbus's principal shareholder. Airbus's new chief executive officer will continue to serve as the co-chief executive officer of its principal shareholder. If Airbus experiences further financial and other difficulties and is unable to deliver the aircraft we have ordered from it on time or at all, we could lose the benefit of the terms of AerVenture in its Airbus purchase contract and could be unable to obtain replacement aircraft on comparable terms, or at all, which could materially and adversely affect our results of operations and growth prospects. If Airbus were to enter into reorganization or bankruptcy, we could in addition lose payments made towards aircraft not yet delivered.

Any decrease in the value and lease rates of our aircraft and engines may have a material adverse effect on our financial results and growth prospects.

We are indirectly subject to many of the economic and political risks associated with emerging markets, which could adversely affect our financial results and growth prospects.

A significant number of our aircraft and engines are leased to airlines in emerging market countries. As of September 30, 2006, we leased 58.7% of our aircraft and 32.5% of our engines, weighted by net book value, to airlines in emerging market countries. The emerging markets in which our aircraft are operated include Thailand, India, Taiwan, Sri Lanka, El Salvador, Jamaica, Malaysia, Colombia, Mexico, Nepal, Turkey, Hungary, Trinidad and Tobago, Russia, Brazil, the Slovak Republic and Indonesia.

Emerging market countries have less developed economies that are more vulnerable to economic and political problems and may experience significant fluctuations in gross domestic product, interest rates and currency exchange rates, as well as civil disturbances, government instability, nationalization and expropriation of private assets and the imposition of taxes or other charges by government authorities. The occurrence of any of these events in markets served by our lessees and the resulting economic instability that may arise could adversely affect the value of our ownership interest in aircraft or engines subject to lease in such countries, or the ability of our lessees which operate in these markets to meet their lease obligations. As a result, lessees which operate in emerging market countries

may be more likely to default than lessees that operate in developed countries. In addition, legal systems in emerging market countries may be less developed, which could make it more difficult for us to enforce our legal rights in such countries. For these and other reasons, our financial results and growth prospects may be materially and adversely affected by adverse economic and political developments in emerging market countries.

If our lessees encounter financial difficulties and we decide to restructure our leases, the restructuring would likely result in less favorable leases which could adversely affect our financial results and growth prospects.

If a lessee is late in making payments, fails to make payments in full or in part under a lease or has advised us that it will fail to make payments in full or in part under a lease in the future, we may elect or be required to restructure the lease, which could result in less favorable terms or termination of a lease without receiving all or any of the past due amounts. We may be unable to agree upon acceptable terms for some or all of the requested restructurings and as a result may be forced to exercise our remedies under those leases. If we, in the exercise of our remedies, repossess an aircraft or engine, we may not be able to re-lease the aircraft or engine promptly at favorable rates, if at all. You should expect that restructurings and/or repossessions with some lessees will occur in the future. The terms and conditions of possible lease restructurings may result in a significant reduction of lease revenue, which may adversely affect our financial results and growth prospects.

If we or our lessees fail to maintain our aircraft or engines, their value may decline and we may not be able to lease or re-lease our aircraft and engines at favorable rates, if at all, which would adversely affect our financial results and growth prospects.

We may be exposed to increased maintenance costs for our leased aircraft and engines associated with a lessee's failure to properly maintain the aircraft or engine or pay supplemental maintenance rent. If an aircraft or engine is not properly maintained, its market value may decline which would result in lower revenues from its lease or sale. Under our leases, our lessees are primarily responsible for maintaining the aircraft and engines and complying with all governmental requirements applicable to the lessee and the aircraft and engines, including operational, maintenance, government agency oversight, registration requirements and airworthiness directives. Although we require many of our lessees to pay us a supplemental maintenance rent, failure of a lessee to perform required maintenance during the term of a lease could result in a decrease in value of an aircraft or engine, an inability to re-lease an aircraft or engine at favorable rates, if at all, or a potential grounding of an aircraft or engine. Maintenance failures by a lessee would also likely require us to incur maintenance and modification costs upon the termination of the applicable lease, which could be substantial, to restore the aircraft or engine to an acceptable condition prior to sale or re-leasing. Supplemental maintenance rent paid by our lessees may not be sufficient to fund our maintenance costs. Our lessees' failure to meet their obligations to pay supplemental maintenance rent or perform required scheduled maintenance or our inability to maintain our aircraft or engines may materially and adversely affect our financial results and growth prospects.

Competition from other aircraft or engine lessors with greater resources or a lower cost of capital than us could adversely affect our financial results and growth prospects.

The aircraft and engine leasing industry is highly competitive. Our competition is comprised of major aircraft leasing companies including GE Commercial Aviation Services, International Lease Finance Corp., CIT Group, Aviation Capital Group, Pegasus Aviation, GATX Air, Aircastle Limited, RBS Aviation Capital, AWAS, Babcock & Brown, Boeing Capital Corp., Pembroke Group Ltd. and Singapore Aircraft Leasing Enterprise, and six major engine leasing companies, including GE Engine

Leasing, Engine Lease Finance Corporation, Pratt & Whitney Engine Leasing LLC, Willis Lease Finance Corporation, Rolls-Royce and Partners Finance and Shannon Engine Support Ltd. Some of our competitors are significantly larger and have greater resources or lower cost of capital than us; accordingly, they may be able to compete more effectively in one or more of our markets. On October 18, 2006, GE Commercial Aviation Services completed the acquisition of The Memphis Group, Inc., an aircraft parts trading company. This acquisition could provide competition to our integrated business strategy.

In addition, we may encounter competition from other entities such as:

- airlines;
- aircraft manufacturers and MRO organizations;
- financial institutions, including those seeking to dispose of re-possessed aircraft at distressed prices;
- aircraft brokers;
- public and private partnerships, investors and funds with more capital to invest in aircraft and engines; and
- other aircraft and engine leasing companies and MRO organizations that we do not currently consider our major competitors.

Some of these competitors have greater operating and financial resources and access to lower capital costs than us. We may not always be able to compete successfully with such competitors and other entities, which could materially and adversely affect our financial results and growth prospects.

We are exposed to significant regional political and economic risks due to the concentration of our lessees in certain geographical regions which could adversely affect our financial results and growth prospects.

Through our lessees, we are exposed to local economic and political conditions. Such adverse economic and political conditions include additional regulation or, in extreme cases, requisition of our aircraft or engines. The effect of these conditions on payments to us will be more or less pronounced, depending on the concentration of lessees in the region with adverse conditions. The airline industry is highly sensitive to general economic conditions. A recession or other worsening of economic conditions or a terrorist attack, particularly if combined with high fuel prices or a weak euro or other local currency, may have a material adverse effect on the ability of our lessees to meet their financial and other obligations under our leases.

Lease rental revenues from 23 lessees based in Asia accounted for 39.9% of our pro forma lease revenues in 2005. The outbreak of SARS in 2003 had a significant negative effect on the Asian economy, particularly in China, Hong Kong and Taiwan. The Asian airline industry has since recovered and is currently experiencing strong growth; however, a recurrence of SARS or the outbreak of another epidemic disease, such as avian influenza, which many experts believe would originate in Asia, could materially and adversely affect the Asian airline industry.

Lease rental revenues from 38 lessees based in Europe accounted for 32.3% of our pro forma lease revenues in 2005. Commercial airlines in Europe face, and can be expected to continue to face, increased competitive pressures, in part as a result of the deregulation of the airline industry by the European Union and the resulting expansion of low-cost carriers. European countries generally have relatively strict environmental regulations and traffic constraints that can restrict operational flexibility

and decrease aircraft productivity, which could significantly increase operating costs of all aircraft, including our aircraft, thereby adversely affecting our lessees.

Lease rental revenues from 25 lessees based in North America accounted for 16.0% of our pro forma lease revenues in 2005. During the past 15 years, a number of North American passenger airlines filed for bankruptcy and several major U.S. airlines ceased operations altogether. The outbreak of SARS, the war and prolonged conflict in Iraq and the September 11, 2001 terrorist attacks in the United States have imposed additional financial burdens on most U.S. airlines as a result of increased expenses due to tightened security requirements and reduced demand for air travel. Lease revenues from two lessees based in the Caribbean, accounted for 3.6% of our pro forma lease revenues in 2005.

Lease revenues from ten lessees based in Latin America account for 8.2% of our pro forma lease revenues in 2005. The economies of Latin American countries are generally characterized by lower levels of foreign investment when compared to industrialized countries and greater economic volatility. Any economic downturn in the Latin American or the Caribbean economies may adversely affect the operations of our lessees in these regions.

Our substantial indebtedness incurred to acquire our aircraft and engines requires significant debt service payments.

As of September 30, 2006, our consolidated indebtedness was $2.5 billion and our interest on term debt expense (including the impact of hedging activities) was $69.9 million, $44.7 million and $111.4 million in the six months ended June 30, 2005, the six months ended December 31, 2005 and the nine months ended September 30, 2006, respectively. Due to the capital intensive nature of our business and our strategy of expanding our aircraft and engine portfolios, we expect that we will incur additional indebtedness in the future and continue to maintain high levels of indebtedness. High levels of indebtedness may limit our cash flow available for capital expenditures, acquisitions and other general corporate purposes and may have a material adverse effect on our earnings and growth prospects.

In addition, covenants in some of the indebtedness incurred by our subsidiaries prevent our subsidiaries from paying dividends to us if we or the relevant subsidiary do not meet specified financial ratios. The terms of the Aircraft Lease Securitisation indebtedness allow for distributions on the subordinated notes held by us only after the senior classes of notes are repaid.

Aircraft have limited economically useful lives and depreciate over time, which can adversely affect our financial condition and growth prospects.

As our aircraft age, they will depreciate and generally the aircraft will generate lower revenues and cash flows. If we do not replace our older depreciated aircraft with newer aircraft, our ability to maintain or increase our revenues and cash flows will decline. In addition, since we depreciate our aircraft for accounting purposes on a straight line basis to the aircraft's estimated residual value over its estimated useful life, if we dispose of an aircraft for a price that is less than the depreciated book value of the aircraft on our balance sheet, we will recognize a loss on the sale.

In the past we have identified material weaknesses in our internal controls over financial reporting. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future and on our access to the capital markets.

Although we are not currently subject to the requirements of Section 404 of the Sarbanes-Oxley Act of 2002, we are in the process of documenting and testing our internal controls in order to enable us to satisfy those requirements as of December 31, 2007. During the preparation of our fiscal 2005 financial statements, material weaknesses were identified pertaining to internal controls over the

accounting for derivatives, the accounting for maintenance accruals and the accounting for defeased liabilities, each of which resulted in restatements of our consolidated financial statements. See Note 1 to our audited consolidated financial statements contained in this prospectus.

Although we are taking measures to remediate these weaknesses, including establishing a stand-alone internal audit function, building out our accounting department with additional personnel and increasing our focus on compliance with Section 404 of the Sarbanes-Oxley Act, these remediation steps and others we may undertake in the future may not be effective in successfully remediating these material weaknesses or in preventing or identifying the same or additional material weaknesses in our internal control over financial reporting in the future. In addition, even if we are successful in identifying the same or additional material weaknesses in the future, we may not successfully remediate such weaknesses quickly or at all. Any failure to maintain adequate internal control over financial reporting or to implement required, new or improved controls, or difficulties encountered in their implementation, could cause us to report material weaknesses or other deficiencies in our internal control over financial reporting and could result in a more than remote possibility of errors or misstatements in our consolidated financial statements that would be material. Following this offering, beginning with our Annual Report on Form 20-F for fiscal year 2007, pursuant to Section 404 of the Sarbanes-Oxley Act, our management will be required to assess the effectiveness of our internal control over financial reporting, and we will be required to have our independent registered public accounting firm audit management's assessment and the operating effectiveness of our internal control over financial reporting. If our management or our independent registered public accounting firm were to conclude that our internal control over financial reporting was not effective, investors could lose confidence in our reported financial information and the value of our ordinary shares could be adversely impacted. Our failure to achieve and maintain effective internal controls could have a material adverse effect on our business in the future and on our access to the capital markets. In addition, in connection with our compliance with Section 404 and the other applicable provisions of the Sarbanes-Oxley Act, our management and other personnel will need to devote a substantial amount of time, and may need to hire additional accounting and financial staff, to assure that we comply with these requirements. Compliance may also make some of our activities more time-consuming and costly. For example, we expect these rules and regulations to make it more difficult and more expensive for us to obtain director and other liability insurance, and we may be required to incur substantial costs to maintain current levels of coverage. The additional management attention and costs relating to compliance with the Sarbanes-Oxley Act could materially and adversely affect our growth and financial results.

The advanced age of some of our aircraft may cause us to incur higher than anticipated maintenance expenses, which could adversely affect our financial results and growth prospects.

As of September 30, 2006, we owned 42 aircraft that were over ten years of age, representing 21.8% of the net book value of our aircraft portfolio. In general, the costs of operating an aircraft, including maintenance expenditures, increase as they age. In addition, older aircraft are typically less fuel-efficient, noisier and produce higher levels of emissions, than newer aircraft and may be more difficult to re-lease or sell. In a depressed market, the value of older aircraft may decline more rapidly than the values of newer aircraft and our operating results may be adversely affected. Increased variable expenses like fuel, maintenance and increased governmental regulation could make the operation of older aircraft or engines less profitable and may result in increased lessee defaults. Incurring higher than anticipated maintenance expenses associated with the advanced age of some of our aircraft or our inability to sell or re-lease such older aircraft would materially and adversely affect our financial results and growth prospects.

The advent of superior aircraft and engine technology could cause our existing aircraft and engine portfolio to become outdated and therefore less desirable, which could adversely affect our financial results and growth prospects.

As manufacturers introduce technological innovations and new types of aircraft and engines, some of the aircraft and engines in our aircraft and engine portfolios may become less desirable to potential lessees. In addition, the imposition of increased regulation regarding stringent noise or emissions restrictions may make some of our aircraft and engines less desirable in the marketplace. Any of these risks may adversely affect our ability to lease or sell our aircraft or engines on favorable terms, if at all, which would have a material adverse effect on our financial results and growth prospects.

If our lessees' insurance coverage is insufficient, it could adversely affect our financial results and growth prospects.

While we do not directly control the operation of any of our aircraft or engines, by virtue of holding title to aircraft, directly or indirectly, in certain jurisdictions around the world, we could be held strictly liable for losses resulting from the operation of our aircraft and engines, or may be held liable for those losses on other legal theories. We require our lessees to obtain specified levels of insurance and indemnify us for, and insure against, liabilities arising out of their use and operation of the aircraft.

However, following the terrorist attacks of September 11, 2001, aviation insurers significantly reduced the amount of insurance coverage available to airlines for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. At the same time, aviation insurers significantly increased the premiums for third-party war risk and terrorism liability insurance and coverage in general. As a result, the amount of third-party war risk and terrorism liability insurance that is commercially available at any time may be below the amount stipulated in our leases.

Our lessees' insurance or other coverage may not be sufficient to cover all claims that may be asserted against us arising from the operation of our aircraft and engines by our lessees. Inadequate insurance coverage or default by lessees in fulfilling their indemnification or insurance obligations will reduce the proceeds that would be received by us in the event we are sued and are required to make payments to claimants, which could materially and adversely affect our financial results and growth prospects.

If we incur significant costs resulting from lease defaults it could adversely affect our financial results and growth prospects.

If we are required to repossess an aircraft or engine after a lessee default, we may be required to incur significant unexpected costs. Those costs include legal and other expenses of court or other governmental proceedings, including the cost of posting surety bonds or letters of credit necessary to effect repossession of aircraft or engine, particularly if the lessee is contesting the proceedings or is in bankruptcy. In addition, during these proceedings the relevant aircraft or engine is not generating revenue. We may also incur substantial maintenance, refurbishment or repair costs that a defaulting lessee has failed to pay and that are necessary to put the aircraft or engine in suitable condition for re-lease or sale. It may also be necessary to pay off liens, taxes and other governmental charges on the aircraft to obtain clear possession and to remarket the aircraft effectively, including, in some cases, liens that the lessor may have incurred in connection with the operation of its other aircraft. We may also incur other costs in connection with the physical possession of the aircraft or engine.

We may also suffer other adverse consequences as a result of a lessee default and the related termination of the lease and the repossession of the related aircraft or engine. Our rights upon a lessee default vary significantly depending upon the jurisdiction and the applicable law, including the need to

obtain a court order for repossession of the aircraft and/or consents for de-registration or re-export of the aircraft. When a defaulting lessee is in bankruptcy, protective administration, insolvency or similar proceedings, additional limitations may apply. Certain jurisdictions give rights to the trustee in bankruptcy or a similar officer to assume or reject the lease or to assign it to a third party, or entitle the lessee or another third party to retain possession of the aircraft or engine without paying lease rentals or performing all or some of the obligations under the relevant lease. In addition, certain of our lessees are owned in whole, or in part, by government-related entities, which could complicate our efforts to repossess our aircraft or engines in that government's jurisdiction. Accordingly, we may be delayed in, or prevented from, enforcing certain of our rights under a lease and in re-leasing the affected aircraft or engine.

If we repossess an aircraft or engine, we will not necessarily be able to export or de-register and profitably redeploy the aircraft or engine. For instance, where a lessee or other operator flies only domestic routes in the jurisdiction in which the aircraft or engine is registered, repossession may be more difficult, especially if the jurisdiction permits the lessee or the other operator to resist de-registration. We may also incur significant costs in retrieving or recreating aircraft or engine records required for registration of the aircraft or engine, and in obtaining the certificate of airworthiness for an aircraft. If we incur significant costs repossessing our aircraft or engines, are delayed in repossessing our aircraft or engines or are unable to obtain possession of our aircraft or engines as a result of lessee defaults, our financial results and growth prospects may be materially and adversely affected.

If we provide MRO services to third-parties, we may lose some of our existing MRO service provider customers who lease our engines and purchase our parts.

A significant portion of our short-term engine leases are to engine MRO service providers, which in turn use the engines to provide their customers with spare engines while the MRO service provider repairs the customer's engines. Also, a significant portion of our engine parts are sold directly to our engine MRO service provider customers. If we provide MRO services directly to third parties we would compete directly with some of our MRO service provider customers. Some of these MRO service provider customers may choose to lease engines and purchase parts from our competitors with whom they do not directly compete in their MRO business.

If our lessees fail to appropriately discharge aircraft liens, we may be obligated to pay the aircraft liens, which could adversely affect our financial results and growth prospects.

In the normal course of their business, our lessees are likely to incur aircraft and engine liens that secure the payment of airport fees and taxes, custom duties, air navigation charges, including charges imposed by Eurocontrol, landing charges, crew wages, repairer's charges, salvage or other liens that may attach to our aircraft or engine. These liens may secure substantial sums that may, in certain jurisdictions or for certain types of liens, particularly liens on entire fleets of aircraft, exceed the value of the particular aircraft or engine to which the liens have attached. Aircraft and engines may also be subject to mechanical liens as a result of routine maintenance performed by third parties on behalf of our customers. Although the financial obligations relating to these liens are the responsibility of our lessees, if they fail to fulfill their obligations, the liens may attach to our aircraft or engines and ultimately become our responsibility. In some jurisdictions, aircraft and engine liens may give the holder thereof the right to detain or, in limited cases, sell or cause the forfeiture of the aircraft or engine.

Until they are discharged, these liens could impair our ability to repossess, re-lease or sell our aircraft or engines. Our lessees may not comply with their obligations under their leases to discharge aircraft liens arising during the terms of their leases. If they do not, we may find it necessary to pay the

claims secured by such aircraft liens in order to repossess the aircraft or engine. Such payments would materially and adversely affect our financial results and growth prospects.

Failure to obtain certain required licenses, certificates and approvals could adversely affect our ability to re-lease or sell aircraft and engines, our ability to perform maintenance services or to provide cash management services, which would materially and adversely affect our financial condition and results of operations.

Under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Subsequent changes in applicable law or administrative practice may increase such requirements. In addition, a governmental consent, once given, might be withdrawn. Furthermore, consents needed in connection with future re-leasing or sale of an aircraft or engine may not be forthcoming. To perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we require a license from the Irish regulatory authorities, which we have obtained. In addition, to meet our MRO customers' requirements to maintain certain flight certifications, AeroTurbine requires certificates from the Federal Aviation Administration, or FAA, and European Aviation Safety Agency, or EASA, which it has obtained. A failure to maintain these licenses or certificates or obtain any required license or certificate, consent or approval, or the occurrence of any of the foregoing events, could adversely affect our ability to provide qualifying services or re-lease or sell our aircraft or engines, which would materially and adversely affect our financial condition and results of operations.

Our ability to operate in some countries is restricted by foreign regulations and controls on investments.

Many countries restrict or control foreign investments to varying degrees, and additional or different restrictions or policies adverse to us may be imposed in the future. These restrictions and controls have limited, and may in the future restrict or preclude, our investment in joint ventures or the acquisition of businesses outside of the United States, or may increase the cost to us of entering into such transactions. Various governments, particularly in the Asia/Pacific region, require governmental approval before foreign persons may make investments in domestic businesses and also limit the extent of any such investments. Furthermore, various governments may require governmental approval for the repatriation of capital by, or the payment of dividends to, foreign investors. Restrictive policies regarding foreign investments may increase our costs of pursuing growth opportunities in foreign jurisdictions, which could materially and adversely affect our financial results and growth prospects.

There are a limited number of aircraft and engine manufacturers and the failure of any manufacturer to meet its aircraft and engine delivery obligations to us could adversely affect our financial results and growth prospects.

The supply of commercial jet aircraft is dominated by two airframe manufacturers, Boeing and Airbus, and three engine manufacturers, GE Aircraft Engines, Rolls-Royce plc and Pratt & Whitney. As a result, we are dependent on these manufacturers' success in remaining financially stable, producing products and related components which meet the airlines' demands and fulfilling their contractual obligations to us. Airbus has recently made a series of announcements relating to significant delays and cost overruns in the manufacturing process for the new commercial jet it is developing, the A380 megajet. These delays and cost overruns have resulted in several changes of Airbus's top management and could lead to Airbus customers canceling existing orders, which would aggravate Airbus's economic difficulties.

Further, competition between Airbus and Boeing for market share is escalating and may cause instances of deep discounting for certain aircraft types, which could adversely affect our ability to obtain an attractive price when we attempt to sell our aircraft in the aftermarket. Should the manufacturers fail to respond appropriately to changes in the market environment or fail to fulfill their contractual obligations, we may experience:

- missed or late delivery of aircraft and engines ordered by us and an inability to meet our contractual obligations to our customers, resulting in lost or delayed revenues, lower growth rates and strained customer relationships;
- an inability to acquire aircraft and engines and related components on terms which will allow us to lease those aircraft and engines to customers at a profit, resulting in lower growth rates or a contraction in our aircraft portfolio;
- a market environment with too many aircraft and engines available, creating downward pressure on demand for the aircraft and engines in our fleet and reduced market lease rates and sale prices;
- poor customer support from the manufacturers of aircraft, engines and components resulting in reduced demand for a particular manufacturer's product, creating downward pressure on demand for those aircraft and engines in our fleet and reduced market lease rates and sale prices for those aircraft and engines; and
- reduction in our competitiveness due to deep discounting by the manufacturers, which may lead to reduced market lease rates and sale prices and may affect our ability to remarket or sell some of the aircraft and engines in our portfolio.

We will need additional capital to finance our growth, and we may not be able to obtain it on terms acceptable to us, if at all, which may limit our ability to grow and compete in the aircraft and engine leasing and trading markets.

We will need additional capital to continue to expand our business by acquiring additional aircraft, engines and other aviation assets, and financing may not be available to us or may be available to us only on terms that are not favorable. We initially finance the acquisition of aircraft through a combination of medium-term revolving credit facilities and long-term debt structures. Once we obtain a sufficient number and diversity of aircraft financed with medium-term revolving credit facilities, we generally refinance these facilities with long-term debt structures, including securitizations, tax advantaged structures and bank loans. As a result, we are subject to the risk that we will not be able to acquire, during the period that our credit facilities are available, a sufficient amount of eligible aircraft and engines to allow for an issuance of long-term debt. If we are unable to raise additional funds or obtain capital on terms acceptable to us, we may have to delay, modify or abandon some or all of our growth strategies. Further, if additional capital is raised through the issuance of additional equity securities, the percentage ownership of our then current shareholders would be diluted. See "Dilution". Newly issued equity securities may have rights, preferences or privileges senior to those of our ordinary shares. See "Description of Ordinary Shares".

We are subject to various environmental regulations that may have an adverse impact on our financial results and growth prospects.

Governmental regulations regarding aircraft and engine noise and emissions levels apply based on where the relevant airframe is registered, and where the aircraft is operated. For example, jurisdictions throughout the world have adopted noise regulations which require all aircraft to comply with noise level standards. In addition to the current requirements, the United States and the International Civil

Aviation Organization, or ICAO, have adopted a new, more stringent set of standards for noise levels which will apply to engines manufactured or certified beginning in 2006. Currently, United States regulations would not require any phase-out of aircraft that qualify with the current standards, but the European Union has established a framework for the imposition of operating limitations on aircraft that do not comply with the new standards. These regulations could limit the economic life of our aircraft and engines, reduce their value, limit our ability to lease or sell the non-compliant aircraft and engines or, if engine modifications are permitted, require us to make significant additional investments in the aircraft and engines to make them compliant.

In addition to more stringent noise restrictions, the United States and other jurisdictions are beginning to impose more stringent limits on the emission of nitrogen oxide, carbon monoxide and carbon dioxide emissions from engines, consistent with current ICAO standards. These limits generally apply only to engines manufactured after 1999. None of our 61 aircraft engines were manufactured after 1999. Concerns over global warming could result in more stringent limitations on the operation of aircraft powered by older, non-compliant engines.

Our operations are subject to various federal, state and local environmental, health and safety laws and regulations in the United States, including those relating to the discharge of materials into the air, water and ground, the generation, storage, handling, use, transportation and disposal of hazardous materials, and the health and safety of its employees. A violation of these laws and regulations or permit conditions can result in substantial fines, permit revocation or other damages. Many of these laws impose liability for clean-up of contamination that may exist at our facilities (even if we did not know of or were not responsible for the contamination) or related personal injuries or natural resource damages or costs relating to contamination at third-party waste disposal sites where we have sent or may send waste. We cannot assure you that we will be at all times in complete compliance with these laws, regulations or permits. We may have liability under environmental laws or be subject to legal actions brought by governmental authorities or other parties for actual or alleged violations of, or liability under, environmental, health and safety laws, regulations or permits.

We are the manager for several securitization vehicles and joint ventures and our financial results would be adversely affected if we were removed from these positions.

We are the aircraft manager for various securitization vehicles, joint ventures and third parties and receive annual fees for these services. In the nine months ended September 30, 2006, we generated revenue of $10.3 million from providing aircraft management services to non-consolidated securitization vehicles and joint ventures and third parties. We may be removed as manager by the affirmative vote of a requisite number of holders of the securities issued by the securitization vehicles upon the occurrence of specified events and at specified times under our joint venture agreements. If we are removed, in the case of our consolidated securitization vehicles and joint ventures, our expenses would increase since such securitization vehicles or joint ventures would have to hire an outside aircraft manager and, in the case of non-consolidated securitization vehicles, joint ventures and third parties, our revenues would decline as a result of the loss of our fees for providing management services to such entities. If we are removed as aircraft manager for any securitization vehicle or joint venture that generates a significant portion of our management fees, our financial results and growth prospects could be materially and adversely affected.

Our limited control over our joint ventures may delay or prevent us from implementing our business strategy which may adversely affect our financial results and growth prospects.

We are currently joint venture partners in several joint ventures, including AerVenture, a consolidated joint venture which has entered into a purchase agreement with Airbus for the purchase of up to 70 A320 family aircraft, and it is our strategy to enter into additional joint ventures in the future. Under the AerVenture joint venture agreement, we share control over significant decisions with our joint venture partner. For example, we may not, without the consent of our AerVenture joint venture partner, cause AerVenture to incur any debt outside the ordinary course of business, buy or sell assets or pay dividends to us. Since we have limited control over AerVenture and certain of our other joint ventures and may not be able to exercise control over any future joint venture, we may not be able to require AerVenture or such other joint ventures to take actions that we believe are necessary to implement our business strategy. Accordingly, this limited control could have a material adverse effect on our financial results and growth prospects.

The departure of senior managers could adversely affect our financial results and growth prospects.

Our future success depends, to a significant extent, upon the continued service of our senior management personnel. For a description of the senior management team, see "Management". The departure of senior management personnel could have a material adverse effect on our ability to achieve our business strategy, including the integration of AeroTurbine.

In certain countries, an engine affixed to an aircraft may become an accession to the aircraft and we may not be able to exercise our ownership rights over the engine.

In some jurisdictions, an engine affixed to an aircraft may become an accession to the aircraft, so that the ownership rights of the owner of the aircraft supersede the ownership rights of the owner of the engine. If an aircraft is security for the owner's obligations to a third party, the security interest in the aircraft may supersede our rights as owner of the engine. This legal principle could limit our ability to repossess an engine in the event of an engine lease default while the aircraft with our engine installed remains in such jurisdiction. We would suffer a substantial loss if we were not able to repossess engines leased to lessees in these jurisdictions, which would materially and adversely affect our financial results and growth prospects.

Risks Related to the Aviation Industry

As high fuel prices continue to affect the profitability of the aviation industry, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

Fuel costs represent a major expense to companies operating in the aviation industry. Fuel prices fluctuate widely depending primarily on international market conditions, geopolitical and environmental events and currency/exchange rates. As a result, fuel costs are not within the control of lessees and significant increases in fuel costs would materially and adversely affect their operating results.

Factors such as natural disasters can significantly affect fuel availability and prices. In August and September 2005, Hurricanes Katrina and Rita inflicted widespread damage along the Gulf Coast of the United States, causing significant disruptions to oil production, refinery operations and pipeline capacity in the region, and to oil production in the Gulf of Mexico. These disruptions resulted in decreased fuel availability and higher fuel prices.

Fuel prices currently remain at historically high levels. The continuing high cost of fuel has had, and sustained high costs in the future may continue to have, a material adverse affect on airlines' profitability, including our lessees. Due to the competitive nature of the aviation industry, operators have been and may continue to be unable to pass on increases in fuel prices to their customers by increasing fares in a manner that fully off-sets the increased fuel costs they have incurred. In addition, they may not be able to manage this risk by appropriately hedging their exposure to fuel price fluctuations. If fuel prices remain at historically high levels or increase further due to future terrorist attacks, acts of war, armed hostilities, natural disasters or for any other reason, they are likely to cause our lessees to incur higher costs and/or generate lower revenues, resulting in an adverse affect on their financial condition and liquidity. Consequently, these conditions may adversely affect our lessees' ability to make rental and other lease payments, result in lease restructurings and/or aircraft and engine repossessions, increase our costs of servicing and marketing our aircraft and engines, impair our ability to re-lease them or otherwise dispose of them on a timely basis at favorable rates or terms, if at all, and reduce the proceeds received for such assets upon any disposition. Any of these events could adversely affect our financial results and growth prospects.

If the effects of terrorist attacks and geopolitical conditions continue to adversely affect the financial condition of the airlines, our lessees might not be able to meet their lease payment obligations, which would adversely affect our financial results and growth prospects.

As a result of the September 11, 2001 terrorist attacks in the United States and subsequent terrorist attacks abroad, notably in the Middle East, Southeast Asia and Europe, increased security restrictions were implemented on air travel, costs for aircraft insurance and security measures have increased, passenger and cargo demand for air travel decreased and operators have faced and continue to face increased difficulties in acquiring war risk and other insurance at reasonable costs. In addition, war or armed hostilities, or the fear of such events could further exacerbate many of the problems experienced as a result of terrorist attacks. Uncertainty regarding the situation in Iraq and tension over Iran's and North Korea's nuclear programs, may lead to further instability in the Middle East. Future terrorist attacks, war or armed hostilities, or the fear of such events, could further adversely affect the aviation industry and may have an adverse effect on the financial condition and liquidity of our lessees, aircraft and engine values and rental rates, and may lead to lease restructurings or repossessions, all of which could adversely affect our financial results and growth prospects.

Terrorist attacks and adverse geopolitical conditions have adversely affected the aviation industry and concerns about such events could also result in:

- higher costs to the airlines due to the increased security measures;
- decreased passenger demand and revenue due to the inconvenience of additional security measures;
- uncertainty of the price and availability of jet fuel and the cost and practicability of obtaining fuel hedges under current market conditions;
- higher financing costs and difficulty in raising the desired amount of proceeds on favorable terms, if at all;
- significantly higher costs of aviation insurance coverage for future claims caused by acts of war, terrorism, sabotage, hijacking and other similar perils, and the extent to which such insurance has been or will continue to be available;

- inability of airlines to reduce their operating costs and conserve financial resources, taking into account the increased costs incurred as a consequence of terrorist attacks and geopolitical conditions, including those referred to above; and

- special charges recognized by some operators, such as those related to the impairment of aircraft and engines and other long lived assets stemming from the grounding of aircraft as a result of terrorist attacks, the economic slowdown and airline reorganizations.

Future terrorist attacks, acts of war or armed hostilities may cause certain aviation insurance to become available only at significantly increased premiums, which may be for reduced amounts of coverage that are insufficient to comply with the levels of insurance coverage currently required by aircraft and engine lenders and lessors or by applicable government regulations, or to be not available at all.

Although the Aircraft Transportation Safety and System Stabilization Act adopted in the United States on September 22, 2001 and similar programs instituted by the governments of other countries provide for limited government coverage under government programs for specified types of aviation insurance, these programs may not continue and governments may not pay under these programs in a timely fashion.

Future terrorist attacks, acts of war or armed hostilities are likely to cause our lessees to incur higher costs and to generate lower revenues, which could result in an adverse effect on their financial condition and liquidity. Consequently, these conditions may affect their ability to make rental and other lease payments to us or obtain the types and amounts of insurance required by the applicable leases, which may in turn lead to aircraft groundings, may result in additional lease restructurings and repossessions, may increase our cost of re-leasing or selling the aircraft and may impair our ability to re-lease or otherwise dispose of them on a timely basis at favorable rates or on favorable terms, if at all, and may reduce the proceeds received for our aircraft and engines upon any disposition. These results could adversely affect our financial results and growth prospects.

The effects of SARS or other epidemic diseases may adversely affect the airline industry in the future, which might cause our lessees to not be able to meet their lease payment obligations to us, which would adversely affect our financial results and growth prospects.

The linking of the 2003 outbreak of SARS to air travel materially and adversely affected passenger demand for air travel at that time. While the World Heath Organization's travel bans related to SARS were lifted, SARS had a continuing negative affect on the aviation industry, which was evidenced by a sharp reduction in passenger bookings and the cancellation of many flights after the air travel bans had been lifted. While these effects were felt most acutely in Asia, the effect of SARS on the aviation industry also adversely affected other areas, including North America.

Since 2003, there have been several outbreaks of avian influenza, beginning in Asia and, most recently, spreading to certain parts of Africa and Europe. Although human cases of avian influenza so far have been limited in number, the World Health Organization has expressed serious concern that a human influenza pandemic could develop from the avian influenza virus. In such an event, numerous responses, including travel restrictions, might be necessary to combat the spread of the disease. Additional outbreaks of SARS or other diseases, such as avian influenza, or the fear of such events, could adversely affect passenger demand for air travel and the aviation industry. These consequences could result in our lessees' inability to satisfy their lease payment obligations to us, which in turn would adversely affect our financial results and growth prospects.

If recent airline industry economic losses and airline reorganizations continue, our lessees might not be able to meet their lease payment obligations to us, which would adversely affect our financial results and growth prospects.

As a result of reduced fares, adverse economic conditions in numerous countries, a significant increase in oil prices, the September 11, 2001 terrorist attacks in the United States, the war and prolonged conflict in Iraq and outbreaks of epidemic diseases such as SARS and avian influenza, the aviation industry as a whole has suffered significant losses since 2001, and such losses are expected to continue for the foreseeable future for certain parts of the industry. Many airlines, including a significant number of our lessees, have announced or implemented reductions in capacity, service and workforce in response to industry-wide reductions in passenger and cargo demand and fares. In addition, since September 11, 2001, several U.S. airlines, including United Air Lines, Inc., Delta Air Lines Inc., Northwest Airlines Corp., US Airways, Inc., Gemini Air Cargo, Hawaiian Airlines, ATA Airlines, Inc., Atlas Air Worldwide Holdings, Inc. and Aloha Airlines, have sought to reorganize under the U.S. bankruptcy laws and, in certain instances, have reorganized, and further U.S. airline reorganizations are possible. Certain European and Latin American airlines, including Sabena Airlines, Swiss Air Transport Company Limited, Volare Airlines S.p.A., Varig Brazilian Airlines and Avianca, have also filed for protection under applicable bankruptcy laws. In addition, Air Canada, the largest Canadian airline, filed for protection under Canada's Companies' Creditors Arrangement Act. Historically, during the period of reorganization, airlines have undertaken substantial fare discounting to maintain cash flows and to encourage continued customer loyalty. Such fare discounting has required many other airlines to reduce their fares to stay competitive, which has led to lower profitability for many airlines, including certain of our lessees.

The airline bankruptcies and reduced demand generally have led to the grounding of significant numbers of aircraft and engines and negotiated reductions in lease rental rates, with the effect of depressing aircraft and engine market values. In addition, airlines may be affected by significant labor disputes that could lead to strikes or slowdowns or may otherwise adversely affect labor relations, thereby worsening such airlines' financial condition, which could place downward pressure on lease rates and aircraft and engines values. Additional reorganizations or liquidations by airlines under bankruptcy or reorganization laws in other countries or further rejection of aircraft and engine leases or abandonment of them in bankruptcy will further depress aircraft and engine market values and lease rates. Additional grounded aircraft and engines and lower market values would adversely affect our ability to sell or lease them on favorable terms, if at all, or re-lease our aircraft and engines at favorable rates, any of which would have an adverse effect on our financial condition and operating results.

Risks Related to Our Organization and Structure

If the ownership of our ordinary shares continues to be highly concentrated, it may prevent you and other minority shareholders from influencing significant corporate decisions and may result in conflicts of interest.

Following the completion of this offering, Cerberus will have voting control over approximately 57.5% of our ordinary shares. As a result, Cerberus will be able to control fundamental corporate matters and transactions, including the appointment of a majority of our directors, mergers, amalgamations, consolidations or acquisitions, the sale of all or substantially all of our assets, the amendment of our articles of association and our dissolution. This concentration of ownership may delay, deter or prevent acts that would be favored by our other shareholders, such as a change of control transaction that would result in the payment of a premium to our other shareholders. In addition, this concentration of share ownership may adversely affect the trading price of our ordinary

shares if the perception among investors exists that owning shares in a company with a significant shareholder is not desirable.

We are a Netherlands public limited liability company (naamloze vennootschap) and it may be difficult for you to obtain or enforce judgments against us or our executive officers, some of our directors and some of our named experts in the United States.

We were formed under the laws of The Netherlands and, as such, the rights of holders of our ordinary shares and the civil liability of our directors will be governed by the laws of The Netherlands and our articles of association. The rights of shareholders under the laws of The Netherlands may differ from the rights of shareholders of companies incorporated in other jurisdictions. Some of the named experts referred to in this prospectus are not residents of the United States, and most of our directors and our executive officers and most of our assets and the assets of our directors are located outside the United States. In addition, under our articles of association, all lawsuits against us and our directors and executive officers shall be governed by the laws of The Netherlands and must be brought exclusively before the Courts of Amsterdam, The Netherlands. As a result, you may not be able to serve process on us or on such persons in the United States or obtain or enforce judgments from U.S. courts against them or us based on the civil liability provisions of the securities laws of the United States. There is doubt as to whether Netherlands courts would enforce certain civil liabilities under U.S. securities laws in original actions and enforce claims for punitive damages. See "Enforcement of Civil Liabilities".

Under our articles of association, we indemnify and hold our directors harmless against all claims and suits brought against them, subject to limited exceptions. Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands and subject to the jurisdiction of the Netherlands courts, unless such rights or obligations do not relate to or arise out of their capacities listed above. Although there is doubt as to whether U.S. courts would enforce such provision in an action brought in the United States under U.S. securities laws, such provision could make enforcing judgments obtained outside of The Netherlands more difficult to enforce against our assets in The Netherlands or jurisdictions that would apply Netherlands law.

Our international operations expose us to economic and legal risks associated with a global business.

We conduct our business in many countries, and we anticipate that revenue from our international operations, particularly from the Asia/Pacific region, will continue to account for a significant amount of our future revenue. There are risks inherent in conducting our business internationally, including:

- general political and economic instability in international markets;
- limitations in the repatriation of our assets, including cash;
- expropriation of our international assets;
- different liability standards and less developed legal systems that may be less predictable than those in the United States; and
- intellectual property laws of countries that do not protect our international rights to the same extent as the laws of the United States.

These factors may have a material adverse effect on our financial results and growth prospects.

If our subsidiaries do not make distributions to us we will not be able to pay dividends.

Substantially all of our assets are held by and our revenues are generated by our subsidiaries. We will be limited in our ability to pay dividends unless we receive dividends or other cash flow from our subsidiaries. Substantially all of our owned aircraft are held through special purpose subsidiaries or finance structures which borrow funds to finance or refinance the aircraft. The terms of such financings place restrictions on distributions of funds to us. If these limitations prevent distributions to us or our subsidiaries do not generate positive cash flows, we will be limited in our ability to pay dividends and may be unable to transfer funds between subsidiaries if required to support our subsidiaries.

Risks Related to This Offering

An active market for our ordinary shares may never develop.

Our ordinary shares have been authorized for listing on the NYSE under the symbol "AER". However, a regular trading market of our ordinary shares may not develop on that exchange or elsewhere or, if developed, any market may not be sustained. Accordingly, an active trading market for our ordinary shares may not develop or be maintained, any trading market may not be liquid, and you may be unable to sell your ordinary shares when desired or at all, or you may not be able to obtain desirable prices for your ordinary shares.

The market price and trading volume of our ordinary shares may be volatile, which could result in rapid and substantial losses for our shareholders.

Even if an active trading market for our ordinary shares develops, the market price of our ordinary shares may be highly volatile and could be subject to wide fluctuations. In addition, the trading volume in our ordinary shares may fluctuate and cause significant price variations to occur. If the market price of our ordinary shares declines significantly, you may be unable to resell your ordinary shares at or above your purchase price, if at all. Some of the factors that could negatively affect our ordinary share price or result in fluctuations in the price or trading volume of our ordinary shares include:

- variations in our quarterly operating results which can fluctuate as a result of, among other factors, the timing of aircraft sales which can significantly affect our revenues, adjustments to our accrued maintenance liability and changes in interest rates that can affect the value of derivatives which we mark to market;
- failure to meet earnings estimates;
- publication of research reports about us, other aircraft lessors or the aviation industry or the failure of securities analysts to cover our ordinary shares after this offering;
- additions or departures of key management personnel;
- adverse market reaction to any indebtedness we may incur or preference or ordinary shares we may issue in the future;
- changes in our dividend payment policy or failure to execute our existing policy;
- actions by shareholders;
- changes in market valuations of similar companies;
- announcements by us or our competitors of significant contracts, acquisitions, dispositions, strategic partnerships, joint ventures or capital commitments;

- speculation about our business in the press or investment community;
- changes or proposed changes in laws or regulations affecting the aviation industry or enforcement of these laws and regulations or announcements relating to these matters; and
- general market, political and economic conditions and local conditions in the markets which our lessees are located.

In addition, the stock market has experienced extreme price and volume fluctuations that have often been unrelated or disproportionate to changes in the operating performance of listed companies. Broad market and industry factors may significantly affect the market price of companies' ordinary shares, including ours, regardless of actual operating performance. These fluctuations may be even more pronounced in the trading market for our ordinary shares shortly following this offering. In addition, in the past, following periods of volatility in the overall market and the market price of a particular company's securities, securities class action litigation has often been instituted against these companies. This litigation, if instituted against us, could result in substantial costs and a diversion of our management's attention and resources.

Purchasers in this offering will experience immediate and substantial dilution in the book value of their investment.

The initial public offering price of our ordinary shares will be substantially higher than the net tangible book value per ordinary share immediately after this offering. Therefore, if you purchase our ordinary shares in this offering, you will incur an immediate dilution of $15.80 in net tangible book value per ordinary share from the price you paid, based on an assumed initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover page of this prospectus. For a further description of the dilution that you will experience immediately after this offering, see "Dilution".

Future sales of ordinary shares by existing shareholders could cause our ordinary share price to decline which could adversely affect our ability to fund our growth and operations.

If our existing shareholders sell, or indicate an intention to sell, substantial amounts of our ordinary shares in the public market after the lock-up, and other legal restrictions on resale discussed in this prospectus no longer apply, the trading price of our ordinary shares could decline. Upon completion of this offering, we will have outstanding a total of 85.0 million ordinary shares. Of these ordinary shares, only the 26.1 million ordinary shares sold in this offering, which does not include any shares to be sold if the underwriters exercise their overallotment option, will be freely tradable, without restriction, in the public market.

Our underwriters, however, may, in their sole discretion, permit our officers, directors, and other current shareholders who are subject to the contractual lock-up to sell ordinary shares prior to the expiration of the lock-up agreements.

We expect that the lock-up agreements pertaining to this offering will expire 180 days from the date of this prospectus, although those lock-up agreements may be extended for up to an additional 18 days under certain circumstances. After the lock-up agreements expire, up to an additional 58.9 million ordinary shares will be eligible for sale in the public market. All of these ordinary shares are held by affiliates and will be subject to volume limitations under Rule 144 under the Securities Act. If these additional ordinary shares are sold, or if it is perceived that they will be sold, in the public market, the trading price of our ordinary shares could decline.

Risks Related to Taxation

We may become a passive foreign investment company, or PFIC, for U.S. federal income tax purposes.

We do not believe we are currently a PFIC and we intend to conduct our affairs in a manner that will reduce the likelihood of our being a PFIC. The determination as to whether a foreign corporation is a PFIC is a complex determination based on all of the relevant facts and circumstances and depends on the classification of various assets and income under PFIC rules. In our case, the determination is further complicated by the application of the PFIC rules to leasing companies and to joint ventures and financing structures common in the aircraft leasing industry. If we are or become a PFIC, U.S. shareholders may be subject to increased U.S. federal income taxes on a sale or other disposition of our ordinary shares and on the receipt of certain distributions and will be subject to increased U.S. federal income tax reporting requirements. See "Tax Considerations—U.S. Tax Considerations" for a more detailed discussion of the consequences to you if we are treated as a PFIC and a discussion of certain elections that may be available to mitigate the effects of that treatment. We urge you to consult your own tax advisors regarding the application of the PFIC rules to your particular circumstances.

We may become subject to income or other taxes in jurisdictions which would adversely affect our financial results and growth prospects.

We and our subsidiaries are subject to the income tax laws of Ireland, The Netherlands and the United States and other jurisdictions in which our subsidiaries are incorporated or based. In addition, we or our subsidiaries may be subject to additional income or other taxes in these and other jurisdictions by reason of the management and control of our subsidiaries, our activities and operations, where our aircraft operate or where the lessees of our aircraft (or others in possession of our aircraft) are located. Although we have adopted guidelines and operating procedures to ensure our subsidiaries are appropriately managed and controlled to reduce the exposure to such additional taxation, no assurance can be given that we will not be subject to such taxes in the future and that such taxes will not be substantial. The imposition of such taxes could have a material adverse effect on our financial results and growth prospects.

We may incur current tax liabilities in our primary operating jurisdictions in the future.

While we have not incurred material income tax liabilities in our primary operating jurisdictions in the past due to, among other things, accelerated tax depreciation, deductible financing expenses and intercompany servicing arrangements, we may incur material income tax liabilities in those jurisdictions in the future. Due to the acquisition of AeroTurbine, we expect to pay U.S. income taxes in the future. If we become subject to material income taxes in any of our other primary operating jurisdictions, our increased tax liabilities could adversely affect our cash flows and have a material adverse effect on our financial results and growth prospects.

We may become subject to additional Irish taxes based on the extent of our operations carried on in Ireland.

Our Irish tax resident subsidiaries are currently subject to Irish corporate income tax on trading income at a rate of 12.5%, on capital gains at 20%, and on other income at 25%. We expect that substantially all of our Irish income will be treated as trading income for tax purposes in future periods. As of December 31, 2005, we had $410.0 million of Irish tax losses available to carry forward against our trading income. The continued application of the 12.5% tax rate to trading income generated in our Irish tax resident subsidiaries and the ability to carry forward Irish tax losses to shelter future taxable trading income depends in part on the extent and nature of activities carried on in Ireland both in the past and in the future. AerCap Ireland and its Irish tax resident subsidiaries intend to carry on

their activities in Ireland so that the 12.5% rate of tax applicable to trading income will apply and that they will be entitled to shelter future income with tax losses that arose from the same trading activity. There can be no assurance that we will continue to be entitled to apply our loss carryforwards against future taxable trading income in Ireland.

We may fail to qualify for benefits under one or more tax treaties.

We do not expect that our subsidiaries located outside of the United States will have any material U.S. federal income tax liability by reason of activities we carry out in the United States and the lease of assets to lessees that operate in the United States. However, this conclusion will depend, in part, on continued qualification for the benefits of income tax treaties between the United States and other countries in which we are subject to tax (particularly The Netherlands and Ireland). That in turn will depend for the most part on the nature and level of activities carried on by our subsidiaries in each jurisdiction.

There can be no assurance that the nature of our activities will be such that our subsidiaries will continue to qualify for the benefits of the income tax treaties with the United States or that we will otherwise qualify for treaty benefits. Failure to so qualify could result in the imposition of U.S. federal taxes which could have a material adverse effect on our financial results and growth prospects.

SPECIAL NOTE ABOUT FORWARD-LOOKING STATEMENTS

This prospectus includes forward-looking statements, principally under the captions "Prospectus Summary", "Aircraft, Engine and Aviation Parts Industry", "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business". We have based these forward-looking statements largely on our current beliefs, expectations of SH&E and projections about future events and financial trends affecting our business. Many important factors, in addition to those discussed in this prospectus, could cause our actual results to differ substantially from those anticipated in our forward-looking statements, including, among other things:

- our ability to successfully negotiate aircraft and engine purchases, sales and leases, to collect outstanding amounts due and to repossess aircraft and engines under defaulted leases, and to control costs and expenses,
- our ability to integrate AeroTurbine's engine and parts business with our aircraft business,
- decreases in the overall demand for commercial aircraft and engine leasing and aircraft management services,
- the economic condition of the global airline and cargo industry,
- the ability of our lessees and potential lessees to make operating lease payments to us,
- competitive pressures within the industry,
- changes in interest rates and availability of capital to us and to our customers,
- the negotiation of aircraft management services contracts,
- regulatory changes affecting commercial aircraft operators, aircraft maintenance, engine standards, accounting standards and taxes, and
- the risks set forth in "Risk Factors" included in this prospectus.

The words "believe", "may", "will", "aim", "estimate", "continue", "anticipate", "intend", "expect" and similar words are intended to identify forward-looking statements. Forward-looking statements include information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, industry environment, potential growth opportunities, the effects of future regulation and the effects of competition. Forward-looking statements speak only as of the date they were made and we undertake no obligation to update publicly or to revise any forward-looking statements after we distribute this prospectus because of new information, future events or other factors. In light of the risks and uncertainties described above, the forward-looking events and circumstances described in this prospectus might not occur and are not guarantees of future performance.

USE OF PROCEEDS

The Sale of Ordinary Shares by Us

We estimate that the net proceeds to us from the offering will be approximately $140.0 million, assuming an initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, and after deducting estimated underwriting discounts and commissions and offering expenses totaling $16.4 million. We expect to use all of the net proceeds we receive from the offering to repay a portion of our outstanding senior secured term loan and/or junior subordinated loan incurred in connection with our acquisition of AeroTurbine in April 2006. These loans are scheduled to mature in April 2011 and are repayable with a 1% prepayment penalty. The senior secured term loan bears an interest rate of three-month LIBOR plus 2.75% and the junior subordinated loan bears an interest rate of three-month LIBOR plus 5.50%. See "Indebtedness—AeroTurbine Calyon Loans and Facility". Our selling shareholders will not receive any proceeds from the sale of ordinary shares by us. We will not receive any of the proceeds from the sale of ordinary shares by the selling shareholders or from the exercise of the over-allotment option granted by the selling shareholders to the underwriters.

A $1.00 increase (decrease) in the assumed initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover page of this prospectus, would increase (decrease) the net proceeds to us from this offering by $6.3 million, assuming the number of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and offering expenses payable by us.

Rothschild Inc. is an independent financial advisor assisting us in connection with our financing strategies in connection with this offering. Upon consummation of this offering, we have agreed to pay Rothschild Inc. a fee of $2.0 million for its services, which we and Cerberus will pay from the proceeds of this offering.

The Sale of Ordinary Shares by the Selling Shareholders

Our selling shareholders are directly owned by Bermuda holding companies, the Bermuda Parents, with identical share ownership and capital structures consisting of preferred shares and common shares. The Bermuda Parents do not own any other significant assets or conduct any other significant activities outside of their indirect investment in us and the value of the Bermuda Parents is derived exclusively with reference to our value. No distributions may be made to holders of common shares of the Bermuda Parents unless all accrued and unpaid dividends on their preferred shares have been paid and the preferred shares have been redeemed or otherwise retired. As of September 30, 2006, the accrued dividends and liquidation preference payment required to pay all accrued dividends and redeem the preferred shares of all of the Bermuda Parents was $393.5 million. Cerberus owns 99.6% and members of our senior management identified under "Principal and Selling Shareholders" own 0.4% of the preferred shares of the Bermuda Parents.

We expect the net proceeds from the sale of the ordinary shares by the selling shareholders to be distributed to the Bermuda Parents and used first to pay all accrued dividends and to redeem all of the preferred shares. We expect any remaining net proceeds from the sale of the ordinary shares by the selling shareholders, including any remaining proceeds from exercise of the over-allotment option by the underwriters, to be distributed to holders of the common shares of the Bermuda Parents. Cerberus owns 86.0% of the common shares of the Bermuda Parents and members of our senior management and a consultant identified under "Principal and Selling Shareholders" own 14.0% of the common shares of the Bermuda Parents.

In addition to common shares owned by members of our senior management and a consultant described above, members of our senior management and Board of Directors also own options to purchase common shares of the Bermuda Parents exercisable upon the closing of this offering. If all such options are exercised, Cerberus would own 83.0% of the common shares of the Bermuda Parents and members of our senior management, Board of Directors and a consultant would own 17.0% of the common shares. See "Principal and Selling Shareholders" for more information regarding our ownership structure and our indirect shareholders.

DIVIDEND POLICY

To date, we have not declared or paid any dividends on our ordinary shares. We intend to retain any future earnings to fund working capital and our growth and do not expect to pay any dividend in the foreseeable future. The payment of dividends is subject to the discretion of our Board of Directors and the approval of our shareholders. While the financial statements included in this prospectus are prepared in accordance with US GAAP, under the laws of The Netherlands the amount of dividends we may declare is determined by our Board of Directors by reference to our accounts under Netherlands GAAP and subject to the availability of adequate equity.

In addition, to the extent we decide to pay dividends in the future, our ability to pay dividends will be subject to:

- our future earnings, financial condition, cash requirements, financial leverage, compliance with statutory and regulatory requirements and general business conditions; and
- the terms of our financing facilities that may, from time to time, contain restrictions on dividend payments.

As a holding company, our ability to pay dividends depends primarily on the receipt of dividends and distributions from our subsidiaries. If we pay dividends, we expect to declare dividends in US dollars; however, we have the corporate authority to declare dividends in other currencies. Existing financing arrangements for our aircraft include provisions which limit distributions of cash to us from the subsidiaries through which our aircraft are owned.

DILUTION

Dilution is the amount by which the price paid by the new investors purchasing our ordinary shares in this offering will exceed the pro forma net tangible book value per ordinary share as of September 30, 2006 after completion of this offering. Net tangible book value per ordinary share represents our net worth, or total tangible assets less total liabilities and minority interests, divided by the number of ordinary shares outstanding on September 30, 2006, adjusted to give effect to a 1,738.6 to 1 stock split. Our net tangible book value as of September 30, 2006 was $472.1 million, or $6.03 per ordinary share. Assuming the ordinary shares to be sold in this offering at an assumed initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, and after deducting the estimated underwriting discounts and commissions and offering expenses, our net tangible book value as of September 30, 2006 would have been approximately $612.1 million, or $7.20 per ordinary share. This represents an immediate dilution in net tangible book value of $15.80 per ordinary share to new investors purchasing ordinary shares in this offering, and an immediate increase in net tangible book value of $1.17 per ordinary share to existing shareholders.

Purchasers of ordinary shares in the offering will experience a substantial and immediate dilution in net tangible book value per ordinary share for financial accounting purposes, as illustrated on a pro forma basis in the following table:

Assumed initial public offering price per ordinary share		$ 23.00
Net tangible book value per ordinary share as of September 30, 2006 before this offering	$ 6.03	
Increase in net tangible book value per ordinary share attributable to this offering	$ 1.17	
Adjusted net tangible book value per ordinary share as of September 30, 2006, as adjusted to reflect this offering		$ 7.20
Dilution in net tangible book value per ordinary share		$ 15.80

The following table sets forth as of September 30, 2006, the total consideration paid and the average price per ordinary share paid by existing shareholders and new investors with respect to the number of ordinary shares issued, as adjusted to reflect this offering. Amounts are given before deduction of the estimated underwriting discount and offering expenses payable by us and assume an initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus.

	Ordinary shares issued		Total consideration		
	Number	Percent	Amount	Percent	Average price per ordinary share
Existing shareholders	78,236,957	92.0%	$ 370,000,000	70.0%	$ 4.73
New investors(1)	6,800,000	8.0%	$ 156,400,000	30.0%	$ 23.00
Total	**85,036,957**	**100.0%**	**$ 526,400,000**	**100.0%**	**$ 6.19**

(1) Assuming that the underwriters' over-allotment option is not exercised and that no existing shareholders purchase ordinary shares in this offering, sales by the selling shareholders in this offering will reduce the number of ordinary shares held by existing shareholders from 78,236,957 to 58,936,957, or approximately 69.3% of the total ordinary shares outstanding, and, together with the sale of ordinary shares by us in this offering, will result in new investors holding 26,100,000 ordinary shares, or 30.7% of the total ordinary shares outstanding after this offering.

A $1.00 increase (decrease) in the assumed initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover page of this prospectus, would increase (decrease) total consideration paid by new investors by $6.8 million, assuming the number of shares offered by us, as set forth on the cover page of this prospectus, remains the same.

CAPITALIZATION

The following table sets forth our consolidated cash and cash equivalents, restricted cash and capitalization as of September 30, 2006. This information is presented:

- on an actual basis;
- as adjusted to give effect to:
  - the sale of ordinary shares in this offering at an assumed offering price of $23.00, the mid-point of the price range set forth on the cover of this prospectus, after deducting the estimated underwriters' discounts and commissions and offering expenses payable by us which are capitalizable as a reduction of ordinary share capital (increase of $142.7 million);
  - the payment of an estimated $2.7 million of non-capitalizable expenses associated with the offering which will be expensed and reflected as a reduction to retained earnings;
  - the application of all of the net proceeds from the sale of our ordinary shares in this offering (based on the mid-point of the price range set forth on the cover of this prospectus) to repay $140.0 million of indebtedness incurred in connection with our acquisition of AeroTurbine; and
  - AerCap Holdings N.V.'s acquisition of all of the assets and liabilities of AerCap Holdings C.V., which occurred on October 27, 2006 and resulted in the conversion of existing partners' capital to ordinary share capital (reclassification of $385.0 million).

This table should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Use of Proceeds", and our unaudited consolidated financial statements and the accompanying notes that appear elsewhere in this prospectus.

	As of September 30, 2006	
	Actual	As adjusted
	(US dollars in thousands)	
Cash and cash equivalents(1)	$ 215,325	$ 215,325
Restricted cash	125,065	125,065
Total cash and cash equivalents and restricted cash(1)	$ 340,390	$ 340,390
ALS securitization debt(2)	$ 896,157	$ 896,157
ECA-guaranteed debt(2)	578,573	578,573
Commercial bank debt(2)(3)	706,074	566,074
Other term debt	278,173	278,173
Total term debt	2,458,977	2,318,977
Minority interest	32,020	32,020
General partner's capital	3,700	—
Limited partners' capital	381,264	—
Ordinary share capital, €0.01 par value (200,000,000 ordinary shares authorized, 85,036,957 ordinary shares issued and outstanding)(1)(4)	—	527,691
Retained earnings	154,805	152,078
Total partners' capital/shareholders' equity(1)	539,769	679,769
Total capitalization(1)	**$ 3,371,156**	**$ 3,371,156**

(1) A $1.00 increase (decrease) in the assumed initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover page of this prospectus, would increase (decrease) each of cash and cash equivalents and total cash and cash equivalents and restricted cash by $6.3 million and increase (decrease) each of ordinary share capital, total partners' capital/shareholders' equity and total capitalization by $6.3 million, assuming the number

of ordinary shares offered by us, as set forth on the cover page of this prospectus, remains the same and after deducting the estimated underwriting discounts and commissions and estimated offering expenses payable by us.

(2) All of this indebtedness is secured. For a description of our indebtedness see "Indebtedness".

(3) In October 2006, we entered into a $248.0 million senior secured term loan with a syndicate of banks led by Calyon to finance the purchase of 25 aircraft from GATX.

(4) Includes the effects of the conversion of existing partners' capital to ordinary share capital of $385.0 million, the receipt of $140.0 million of the net proceeds from this offering, and the payment of $2.7 million of non-capitalizable expenses.

SELECTED CONSOLIDATED FINANCIAL DATA

The following table presents AerCap Holdings C.V.'s (the successor company) and AerCap B.V.'s (the predecessor company) selected consolidated financial data for each of the periods indicated, prepared in accordance with US GAAP. You should read this information in conjunction with AerCap Holdings C.V.'s audited consolidated financial statements and related notes and unaudited condensed consolidated interim financial statements and related notes included in this prospectus and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

AerCap Holdings N.V. was formed as a Netherlands public limited liability company ("*naamloze vennootschap*") on July 10, 2006 and acquired all of the assets and liabilities of AerCap Holdings C.V., a Netherlands limited partnership on October 27, 2006. AerCap Holdings C.V. was formed on June 27, 2005 for the purpose of acquiring all of the shares and certain liabilities of AerCap B.V., (formerly known as debis Air Finance B.V.), in connection with the 2005 Acquisition. The financial information presented as of and for the fiscal years ended December 31, 2003 and 2004, and the six months ended June 30, 2005 and December 31, 2005, was derived from AerCap Holdings C.V.'s audited consolidated financial statements included in this prospectus. The financial information presented as of and for the fiscal years ended December 31, 2001 and 2002 was derived from AerCap B.V.'s unaudited consolidated financial statements. The financial information presented for the three months ended September 30, 2005 and as of and for the nine months ended September 30, 2006 was derived from AerCap Holding C.V.'s unaudited condensed consolidated interim financial statements included in this prospectus.

	AerCap B.V.					AerCap Holdings C.V.		
	Year ended December 31,				Six months ended June 30,	Three months ended September 30,	Six months ended December 31,	Nine months ended September 30,
	2001 (restated)(1)(2)(3)	2002 (restated)(1)(2)(3)	2003 (restated)(1)(2)(3)	2004 (restated)(2)(3)	2005(3)	2005	2005(3)(6)	2006*
	(In thousands, except per share amounts)							
Consolidated Income Statement Data:								
Revenues								
Lease revenue	$ 530,329	$ 459,115	$ 343,045	$ 308,500	$ 175,333	$ 81,325	$ 173,568	$ 311,131
Sales revenue	263,827	13,105	7,499	32,050	79,574	—	12,489	236,665
Management fee revenue	16,803	7,160	13,400	15,009	6,512	4,044	7,674	10,330
Interest revenue	30,854	28,468	22,432	21,641	13,130	10,448	20,335	26,656
Other revenue	—	1,826	84,568	13,667	3,459	174	1,006	18,014
Total revenues	**841,813**	**509,674**	**470,944**	**390,867**	**278,008**	**95,991**	**215,072**	**602,796**
Expenses								
Depreciation and amortization	189,699	202,395	143,303	125,877	66,407	22,477	45,918	72,347
Cost of goods sold	223,721	11,012	6,657	18,992	57,632	—	10,574	183,264
Interest on term debt	309,932	267,228	123,435	113,132	69,857	24,868	44,742	111,432
Impairments(4)	17,304	170,498	6,066	134,671	—	—	—	—
Other expenses	54,029	54,734	87,079	66,940	26,726	10,708	26,656	44,676
Selling, general and administrative expenses	39,704	40,472	39,267	36,449	19,559	10,937	26,949	66,571
Total expenses	**834,389**	**746,339**	**405,807**	**496,061**	**240,181**	**68,990**	**154,839**	**478,290**
Income (loss) from continuing operations before income taxes, minority interest and cumulative effect of change in accounting principle	**7,424**	**(236,665)**	**65,137**	**(105,194)**	**37,827**	**27,001**	**60,233**	**124,506**
Provision for income taxes	(42,311)	58,569	(28,222)	(168)	(4,127)	(4,086)	(10,570)	(20,094)
Minority interest net of tax	—	—	—	—	—	—	—	730
Cumulative effect of change in accounting principle	—	(99,491)	—	—	—	—	—	—
Net (loss) income	**$ (34,887)**	**$ (277,587)**	**$ 36,915**	**$ (105,362)**	**$ 33,700**	**$ 22,915**	**$ 49,663**	**$ 105,142**
(Loss) earnings per share, basic and diluted	(47.39)	(377.05)	50.14	(143.12)	45.78	—	—	—
Weighted average shares outstanding, basic and diluted	736	736	736	736	736	—	—	—
Pro forma earnings per share, basic and diluted, due to change in organizational structure (unaudited)(5)	—	—	—	—	—	0.27	0.60	1.29
Pro forma weighted average shares, basic and diluted (unaudited)(5)	—	—	—	—	—	78,237	78,237	78,237

* Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to September 30, 2006.

	AerCap B.V.					AerCap Holdings C.V.		
	Year ended December 31,				Six months ended June 30,	Three months ended September 30,	Six months ended December 31,	Nine months ended September 30,
	2001 (restated)(1)(2)(3)	2002 (restated)(1)(2)(3)	2003 (restated)(1)(2)(3)	2004 (restated)(2)(3)	2005(3)	2005	2005(3)(6)	2006*
	(US dollars in thousands)							
Consolidated Statements of Cash Flows Data:								
Net cash provided by operating activities	$ 249,592	$ 220,234	$ 123,614	$ 91,933	$ 107,275	$ 43,323	$ 109,238	$ 176,292
Net cash provided by (used in) investing activities	110,556	(676,619)	(316,170)	(218,481)	14,525	(1,657,330)	(1,431,259)	(344,483)
Net cash (used in) provided by financing activities	(410,960)	389,839	237,901	136,546	(142,005)	(1,708,802)	1,505,472	201,224

* Includes the results of AeroTurbine for the period from April 26, 2006 (date of acquisition) to September 30, 2006.

	AerCap B.V.				AerCap Holdings C.V.	
	As of December 31,					As of September 30,
	2001 (restated)(2)	2002 (restated)(2)	2003 (restated)(1)(2)	2004 (restated)(2)	2005	2006
	(US dollars in thousands)					
Consolidated Balance Sheets Data:						
Assets						
Cash and cash equivalents	$ 152,667	$ 86,121	$ 131,268	$ 143,640	$ 183,554	$ 215,325
Restricted cash	140,086	243,336	206,572	118,422	157,730	125,065
Flight equipment held for operating leases, net	3,255,737	3,476,501	2,484,850	2,748,347	2,189,267	2,542,119
Notes receivable, net of provisions	187,433	195,236	188,616	250,774	196,620	158,303
Prepayments on flight equipment	121,915	157,198	160,624	135,202	115,657	129,496
Other assets	492,621	343,685	305,498	218,565	218,405	381,039
Total assets	**$ 4,350,459**	**$ 4,502,077**	**$ 3,477,428**	**$ 3,614,950**	**$ 3,061,233**	**$ 3,551,347**
Term debt	3,162,850	3,571,178	2,763,666	3,115,492	2,172,995	2,458,977
Other liabilities	814,368	835,255	581,202	472,443	468,575	552,601
Shareholders' equity / partners' capital	373,241	95,644	132,560	27,015	419,663	539,769
Total liabilities and shareholders' equity / partners' capital	**$ 4,350,459**	**$ 4,502,077**	**$ 3,477,428**	**$ 3,614,950**	**$ 3,061,233**	**$ 3,551,347**

(1) Includes the results of operations and cash flows for AerCo during 2001, 2002 and the three months ended March 31, 2003. On March 31, 2003, we sold a portion of our interest in AerCo and then deconsolidated it from our accounts because it was determined that we were no longer the primary beneficiary of AerCo as of March 31, 2003. The amount of total revenue attributable to AerCo in the three months ended March 31, 2003 was $106.4 million (including $72.2 million of other income). See Note 1 to our audited consolidated financial statements contained in this prospectus.

(2) AerCap B.V. restated its audited consolidated financial statements as of December 31, 2001, 2002, 2003 and 2004 and for each of the four years in the period ended December 31, 2004:

- to account for the reclassification of derivative instruments from hedges under FAS 133 to non-hedged transactions because AerCap B.V., determined after a comprehensive review, that its derivative instruments did not meet the requirements of FAS 133;
- to account for five capital lease obligations and notes receivable entered into in connection with five aircraft sale-leaseback transactions which were determined in 2005 to have not been fully

legally defeased and resulted in the recognition of the related capital lease obligations and notes receivable on AerCap B.V.'s balance sheet and related interest revenue and interest expense of the capital lease obligations and notes receivable on AerCap's income statement; and

- to change the way AerCap B.V. accounted for supplemental rental receipts related to maintenance obligations in 2004.

The effect of the restatements on net income and retained earnings was ($66,641) and ($66,641), respectively, for the year ending December 31, 2001, ($66,395) and ($133,036), respectively, for the year ending December 31, 2002, $90,974 and ($42,062), respectively, for the year ending December 31, 2003 and $19,913 and ($22,149), respectively, for the year ending December 31, 2004. See Note 1 to our audited consolidated financial statements contained in this prospectus. AerCap Holdings C.V. also restated its consolidated cash flow statement for the six months ended December 31, 2005 to reclassify certain debt issuance costs that had been incorrectly classified as operating cash flows into financing cash flows and its consolidated cash flow statements for the years ended December 31, 2001, 2002, 2003 and 2004 and the six months ended June 30, 2005 and December 31, 2005 to reclassify cash flows from notes receivable to operating cash flows from investing cash flows. See Note 1 to our audited consolidated financial statements contained in this prospectus.

(3) Certain reclassifications to the prior presentation have been made in these periods to conform the presentation in these historical periods to the presentation for the nine months ended September 30, 2006. The changes: (i) reclassify the presentation in net gain on sale of assets to a gross presentation to show sales revenue and cost of goods sold and reclassify the net gain on sale of financial assets to other revenue and (ii) reclassify our depreciation and amortization expenses from aircraft depreciation and selling, general and administrative expenses and present these expenses in a new line item entitled depreciation and amortization. These reclassifications have had no impact on income (loss) from continuing operations before income taxes, minority interest and cumulative effect of change in accounting principle, net income or earnings per share. See Note 1 to our audited consolidated financial statements contained in this prospectus.

(4) Includes aircraft impairment, investment impairment and goodwill amortization.

(5) The pro forma earnings per share has been calculated to show the net income and earnings per share as if AerCap Holdings C.V. were a taxable corporation from June 30, 2005 and as if it had 78,236,957 shares outstanding, which is the number of shares issued by AerCap Holdings N.V. upon its incorporation, after giving effect to a 1,738.6 to 1 stock split and to reflect the tax impact of changing from a non-taxable partnership to a taxable corporation. See Note 2 "Pro forma Information Due to Change in Organizational Structure (unaudited)" to our audited consolidated financial statements included in this prospectus and Note 8 to our unaudited condensed consolidated interim financial statements in this prospectus.

(6) We were formed on June 27, 2005; however, we did not commence operations until June 30, 2005, when we acquired all of the shares and certain of the liabilities of AerCap B.V. Our initial accounting period was from June 27, 2005 to December 31, 2005, but we generated no material revenue or expense between June 27, 2005 and June 30, 2005 and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled our initial accounting period in the table headings in this prospectus as the six months ended December 31, 2005.

UNAUDITED CONSOLIDATED PRO FORMA FINANCIAL INFORMATION

The following unaudited consolidated pro forma income statements for the nine months ended September 30, 2005 and 2006 and for the year ended December 31, 2005 have been derived by the application of pro forma adjustments to AerCap Holdings C.V.'s unaudited condensed consolidated interim financial statements and audited consolidated financial statements and AeroTurbine's audited combined financial statements included in this prospectus and AeroTurbine's unaudited combined interim financial statements for the period from January 1, 2006 to April 25, 2006 not included in this prospectus.

The unaudited consolidated pro forma income statement for the nine months ended September 30, 2006 gives effect to the following as if they had occurred on January 1, 2005:

- the AeroTurbine Acquisition and related conforming accounting changes;
- AerCap Holdings N.V.'s acquisition of all the assets and liabilities of AerCap Holdings C.V.; and
- this offering and our use of proceeds.

The unaudited consolidated pro forma income statements for the nine month period ended September 30, 2005 and the year ended December 31, 2005 give effect to the following as if they had occurred on January 1, 2005:

- the 2005 Acquisition;
- the AeroTurbine Acquisition and related conforming accounting changes;
- AerCap Holdings N.V.'s acquisition of all the assets and liabilities of AerCap Holdings C.V.; and
- this offering and our use of proceeds.

The unaudited consolidated pro forma balance sheet as of September 30, 2006 has been derived by the application of pro forma adjustments to AerCap Holdings C.V.'s unaudited condensed consolidated balance sheet for the nine months ended September 30, 2006 and gives effect to this offering and our use of proceeds as if they occurred on September 30, 2006.

The unaudited consolidated pro forma financial information is based on assumptions and preliminary data and reflects adjustments described in the accompanying notes. The unaudited consolidated pro forma financial information is being furnished solely for informational purposes and is not intended to represent or be indicative of the results that we would have reported if the transactions identified above had occurred on the dates indicated, nor does it purport to represent the results of operations we will obtain in future periods. The unaudited consolidated pro forma financial information should be read in conjunction with AerCap Holdings C.V's unaudited condensed consolidated interim financial statements and the related notes, AerCap Holdings C.V.'s audited consolidated financial statements and the related notes and AeroTurbine's audited combined financial statements and the related notes included in this prospectus.

The 2005 Acquisition

On June 27, 2005, Cerberus formed AerCap Holdings C.V., a Netherlands partnership. On June 30, 2005, AerCap Holdings C.V. acquired all of AerCap B.V.'s (formerly known as debis AirFinance B.V.) shares (book equity of $96.0 million) and approximately $1.8 billion of liabilities owed by AerCap B.V. to its prior shareholders. AerCap Holdings C.V. paid a total consideration of $1.37 billion in the 2005 Acquisition, including transaction expenses of $42.7 million and an equity contribution directly to AerCap B.V. of $35.1 million. Of the total consideration paid by AerCap Holdings C.V., $370.0 million was funded through equity contributions by Cerberus and $1.0 billion was funded through a term loan. The purchase price was $506.4 million less than the net book value of the acquired assets and assumed liabilities. The purchase consideration has been allocated to the acquired assets and assumed liabilities on June 30, 2005 based on their fair values in accordance with FAS 141, *Business Combinations*, as follows:

	Fair values acquired
	(US dollars in thousands)
Flight equipment held for operating lease	$ 2,085,221
Prepayments on flight equipment	119,200
Intangible lease premium	45,134
Deferred tax asset	109,447
Cash and cash equivalents	123,668
Other	359,019
Total assets	$ 2,841,689
Accrued maintenance liability	135,114
Term debt	999,457
Other	337,841
Total liabilities	1,472,412
Cash paid	**$ 1,369,277**

The fair value adjustments to our assets and liabilities will amortize over the applicable contractual terms, the useful lives of the acquired assets and liabilities or all at once upon the disposition of the acquired assets and liabilities. Our operating results in periods after the 2005 Acquisition have been positively impacted by reduced depreciation and amortization as a result of reduced carrying values of our assets. In addition, due to the reduction in term debt following the 2005 Acquisition, our operating results in periods after 2005 have been positively impacted by reduced interest expense.

The AeroTurbine Acquisition

On April 26, 2006, we purchased all of the existing share capital of AeroTurbine, Inc. The total payment for the AeroTurbine shares of $146.8 million, including acquisition expenses, was funded through cash from our operations of $73.1 million and $73.7 million of cash raised from a refinancing of AeroTurbine's existing debt. The new financing totaled $175.0 million and included $160.0 million of senior secured debt and a $15.0 million subordinated loan. We have allocated the $146.8 million purchase price to our preliminary estimate of the fair values of acquired assets and assumed liabilities at April 26, 2006 in accordance with FAS 141 as follows:

	Estimated fair values
	(US dollars in thousands)
Cash and cash equivalents	$ 1,601
Equipment held for operating lease	160,994
Inventory	52,643
Intangible assets	25,600
Goodwill	37,225
Property and equipment	7,896
Other	23,442
Total assets	$ 309,401
Term debt	93,104
Deferred taxes	49,972
Other	19,477
Total liabilities	162,553
Total consideration paid	**$ 146,848**

This allocation was based on the assumptions described in the notes below and information available to us at the time of this offering, which are subject to change. The pro forma adjustments for the AeroTurbine Acquisition do not include the tax effects, if any, of the addition of AeroTurbine's operations to those of AerCap C.V. The allocation of the estimated purchase price is preliminary as final valuation information has not been obtained and is based on the assets and liabilities existing at April 26, 2006. The final allocation of the purchase price will be based on final valuation data. The operating results of AeroTurbine after the AeroTurbine Acquisition have been negatively impacted as a result of increased asset carrying values and indebtedness which resulted in increased depreciation and amortization, cost of goods sold and interest expense.

The intangibles recognized in the purchase price allocation and their related estimated useful lives are as follows:

Intangible Asset	Estimated fair value	Estimated useful lives
	(US dollars in thousands)	*(years)*
Customer relationships—parts	$ 19,800	10
Customer relationships—engines	3,600	10
FAA certificate	1,100	15
Non-compete agreement	1,100	6
Total	**$ 25,600**	

After we have completed our valuation analysis for the purchase price allocation for the AeroTurbine Acquisition, we may make adjustments to our carrying values of acquired assets and assumed liabilities to reflect our final valuation determinations. These adjustments could be significant. The final determination of the cash we will be required to pay for the AeroTurbine Acquisition is contingent on the amount of taxable earnings of AeroTurbine for the year ended December 31, 2005 and for the period from January 1, 2006 to April 25, 2006. It is not possible to determine the exact amount of this adjustment at this time, but the amount is anticipated to be approximately a $1.2 million increase to total cash paid for AeroTurbine. In addition, we may elect to treat the purchase as an asset purchase for tax purposes. If this election is made, additional cash will be paid to the selling shareholders of AeroTurbine to indemnify them against an increase in their personal income tax liability arising from the sale. As a result of the election, the tax basis of the acquired assets will increase resulting in a decrease to the deferred tax liability recognized in the acquisition of AeroTurbine and a decrease in the amount of recognized goodwill. We have not yet determined the amount of additional cash we would be required to pay in connection with such an election, but anticipate that the amount will be approximately $20.0 million. We expect to determine whether we will elect to treat the AeroTurbine Acquisition as an asset purchase by December 31, 2006.

Prior to the AeroTurbine Acquisition, certain of AeroTurbine's financial statements line items were different from those of AerCap Holding C.V.'s. Due to the consolidation of AerCap Holdings C.V. and AeroTurbine we have reclassified certain of AeroTurbine's historical financial statement line items to reflect our consolidated results of operations. Accordingly, we have conformed the presentation of our pro forma financial information for the nine months ended September 30, 2005 and the year ended December 31, 2005 to our new unified financial statement presentation.

Formation of AerCap Holdings N.V.

As part of this offering, we have formed AerCap Holdings N.V., a taxable Netherlands public limited liability company ("*naamloze vennootschap*"), to acquire all of the assets and liabilities of AerCap Holdings C.V., a non-taxable Netherlands limited partnership. AerCap Holdings N.V. acquired all of the assets and liabilities of AerCap Holdings C.V. on October 27, 2006. Since this acquisition is a transaction under common control, there is no resulting impact on our consolidated financial position.

Unaudited Consolidated Pro Forma Income Statement—Nine Months Ended September 30, 2005

	Predecessor	Successor	AerCap Acquisition		Subtotal AerCap
	Six months ended June 30, 2005 Historic	Three months Ended September 30, 2005 Historic	Six months ended June 30, 2005 Pro Forma Adjustments(1)		Nine months ended September 30, 2005
			(US dollars in thousands)		
Revenues					
Lease revenue	$ 175,333	$ 81,325	$ (2,935)	1(a)	$ 253,723
Sales revenue	79,574	—	—		79,574
Management fee revenue	6,512	4,044	—		10,556
Interest revenue	13,130	10,448	4,610	1(b)	28,188
Other revenue	3,459	174	—		3,633
Total revenues	**278,008**	**95,991**	**1,675**		**375,674**
Expenses					
Depreciation and amortization	66,407	22,477	(18,454)	1(c)	70,430
Cost of goods sold	57,632	—	—		57,632
Interest on term debt	69,857	24,868	(13,269)	1(d), 1(e)	81,456
Operating lease in costs	13,877	6,475	(1,232)	1(f)	19,120
Leasing expenses	9,688	4,450	—		14,138
Provision for doubtful notes and accounts receivable	3,161	(217)	—		2,944
Selling, general and administrative expenses	19,559	10,937	—		30,496
Total expenses	**240,181**	**68,990**	**(32,955)**		**276,216**
Income (loss) from continuing operations before income taxes and minority interests	**37,827**	**27,001**	**34,630**		**99,458**
Other (expenses) income	—	—	—		—
Provision for income taxes	(4,127)	(4,086)	(6,926)	1(g)	(15,139)
Net income (loss)	**$ 33,700**	**$ 22,915**	**$ 27,704**		**$ 84,319**

Unaudited Consolidated Pro Forma Income Statement—Nine Months Ended September 30, 2005

	Subtotal AerCap	AeroTurbine	AeroTurbine Acquisition		Conforming changes		AerCap		
	Nine months ended September 30, 2005	Nine months ended September 30, 2005 Historic	Nine months ended September 30, 2005 Pro Forma Adjustments(2)		Nine months ended September 30, 2005 Pro Forma Adjustments(3)		Change of corporate structure/ offering Pro Forma Adjustments(4)		Nine months ended September 30, 2005 Pro Forma
	(US dollars in thousands except share and per share amounts)								
Revenues									
Lease revenue	$ 253,723	$ 24,463	$ 108	2(a)	$ —		$ 7,281	4(a)	$ 285,575
Sales revenue	79,574	68,976	—				—		148,550
Management fee revenue	10,556	—	—		—		—		10,556
Interest revenue	28,188	—	—		5	3(a)	—		28,193
Other revenue	3,633	—	—		170	3(a)	—		3,803
Total revenues	**375,674**	**93,439**	**108**		**175**		**7,281**		**476,677**
Expenses									
Depreciation and amortization	70,430	—	—		9,323	3(b)	—		79,753
Cost of goods sold	57,632	56,000	9,264	2(b),(c),(e)	(17,487)	3(b)	—		105,409
Interest on term debt	81,456	—	—		11,439	3(a)	(8,274)	4(b)	84,621
Operating lease in costs	19,120	—	—		—				19,120
Leasing expenses	14,138	—	—		9,184		—		23,322
Provision for doubtful notes and accounts receivable	2,944	—	—		—		—		2,944
Selling, general and administrative expenses	30,496	12,933	19,208	2(d),(g)	(1,020)	3(b)		4(c)	61,617
Total expenses	**276,216**	**68,933**	**28,472**		**11,439**	**(b)**	**(8,274)**		**376,786**
Income (loss) from continuing operations before income taxes and minority interests	**99,458**	**24,506**	**(28,364)**		**(11,264)**		**15,555**		**99,891**
Other (expenses) income	—	(4,945)	(6,319)	2(f)	11,264	3(a)	—		—
Provision for income taxes	(15,139)	—	5,834	2(h)	—		(9,202)	4(d),(e)	(18,507)
Net income (loss)	**$ 84,319**	**$ 19,561**	**$ (28,849)**		**$ —**		**$ 6,353**		**$ 81,384**
Earnings per share basic	—	—	—		—		—		0.96 (5)
Earnings per share diluted	—	—	—		—		—		0.96
Weighted average shares outstanding basic	—	—	—		—		—		85,036,957
Weighted average shares outstanding diluted	—	—	—		—		—		85,036,957

Unaudited Consolidated Pro Forma Income Statement—Nine Months Ended September 30, 2006

	AerCap Holdings C.V. Nine months ended September 30, 2006 Historic	AeroTurbine January 1 - April 25, 2006 Historic	AeroTurbine Acquisition January 1 - April 25, 2006 Pro Forma Adjustments(2)		Conforming Changes Nine months ended September 30, 2006		AerCap Holdings C.V. Change of corporate structure/offering Pro Forma Adjustments(4)		Nine months ended September 30, 2006 Pro Forma
	(US dollars in thousands except share and per share amounts)								
Revenues									
Lease revenue	$ 311,131	$ 12,668	$ 48	2(a)	$ —		$ 4,854	4(a)	$ 328,701
Sales revenue	236,665	41,138	—		—		—		277,803
Management fee revenue	10,330	—	—		—		—		10,330
Interest revenue	26,656	—	—		5	3(a)	—		26,661
Other revenue	18,014	—	—		56	3(a)	—		18,070
Total revenues	**602,796**	**53,806**	**48**		**61**		**4,854**		**661,565**
Expenses									
Depreciation and amortization	72,347	—	—		3,702	3(b)	—		76,049
Cost of goods sold	183,264	36,551	3,388	2(b),(c),(e)	(6,824)	3(b)	—		216,379
Interest on term debt	111,432	—	—		5,165	3(a)	(8,274)	4(b)	108,323
Operating lease in costs	18,925	—	—		—		—		18,925
Leasing expenses	26,598	—	—		3,653	3(b)	—		30,251
Provision for doubtful notes and accounts receivable	(847)	—	—		—		—		(847)
Selling, general and administrative expenses	66,571	7,804	8,537	2(d),(g)	(531)	3(b)	—	4(c)	82,381
Total expenses (income)	**478,290**	**44,355**	**11,925**		**5,165**		**(8,274)**		**531,461**
Income (loss) from continuing operations before income taxes and minority interests	**124,506**	**9,451**	**(11,877)**		**(5,104)**		**13,128**		**130,104**
Provision for income taxes	(20,094)	—	2,905	2(h)	—		(8,717)	4(d),(e)	(25,906)
Other (expenses) income	—	(2,569)	(2,535)		5,104	3(a)	—		—
Minority interests net of taxes	730	—	—		—		—		730
Net income (loss)	**$ 105,142**	**$ 6,882**	**$ (11,507)**		**$ —**		**$ 4,411**		**$ 104,928**
Earnings per share basic	—	—	—		—		—		1.23 (5)
Earnings per share diluted	—	—	—		—		—		1.23
Weighted average shares outstanding basic	—	—	—		—		—		85,036,957
Weighed average shares outstanding diluted	—	—	—		—		—		85,036,957

1. Unaudited Consolidated Pro Forma Income Statement Adjustments—2005 Acquisition

The unaudited consolidated pro forma income statement adjustments for the nine months ended September 30, 2005 relating to the 2005 Acquisition are as follows:

1(a) Adjusted to reflect six months of straight-line amortization of intangible lease premium and lease deficiency of $26.8 million arising from the 2005 Acquisition. The lease premium asset represents the present value of contracted lease revenues which were at above-market rates. The lease deficiency represents the present value of contracted lease revenues which were at below-market rates. The useful lives were determined based on the applicable lease terms as of January 1, 2005 which range from one to six years, with a weighted average life of 4.6 years.

1(b) Adjusted to reflect six months of accretion of the fair value adjustments on financial instruments of $29.9 million arising from the 2005 Acquisition. Accretion is calculated on an effective interest method over the applicable terms of the notes, which range from one to six years. Year one accretion is approximately $9.2 million.

1(c) Adjusted to reflect six months of straight-line depreciation of the fair value adjustments on our flight equipment held for operating leases arising from the 2005 Acquisition. The fair value adjustment resulted in a $632.8 million reduction to the net book value of our flight equipment. The useful lives were determined for each asset and range from 10 to 25 years, with a weighted average remaining life of 17.1 years.

1(d) Adjusted to reflect the financing of the 2005 Acquisition and the amortization of the fair value adjustments of $4.0 million recorded on our fixed rate term debt existing at the date of the 2005 Acquisition. On the date of the 2005 Acquisition, we eliminated $1.8 billion of loans from AerCap B.V.'s prior shareholders and we borrowed $1.0 billion under a variable rate term loan, which was repaid in October 2005 with the proceeds from an aircraft securitization variable rate term debt financing ($1.0 billion) that closed on September 15, 2005. The term loan is considered non-recurring for pro forma purposes. The pro forma adjustment was calculated as follows:

- addition of $22.7 million of interest expense representing six months of interest expense on the aircraft securitization variable rate term debt using an interest rate of 4.82%, consisting of the one-month LIBOR rate of 3.34% at the date of the 2005 Acquisition plus a weighted average spread of 1.48%, on an average debt outstanding of $941.0 million for the six month period;

- addition of $1.8 million of amortization of the related aircraft securitization term debt financing costs of $29.6 million for six months. The amortization is calculated using the effective interest method. Year one amortization is approximately $3.5 million;

- subtraction of $42.2 million of interest expense on the shareholder loans recorded in our historical income statement for the six months ended June 30, 2005; and

- subtraction of $0.3 million of accretion of the fair value adjustment ($4.0 million) on the fixed rate term debt existing at the date of the 2005 Acquisition. The accretion is calculated using the effective interest method over a period of the remaining term of the related debt at the acquisition date, with a range of four to nine years. Year one accretion is approximately $0.6 million.

  If interest rates were one eighth of one percentage point higher or lower, our pro forma interest expense would have increased or decreased, respectively, by approximately $1.2 million in 2005.

1(e) Adjusted to reflect six months of amortization ($4.8 million) of fair value adjustments of $34.2 million to liabilities (principally accrued maintenance liability and lessee deposit liability) which amortize on an effective-interest method. Year one amortization is approximately $9.6 million.

1(f) Adjusted to reflect six months of accretion of fair value adjustments of $14.0 million of our onerous contract accrual arising from the 2005 Acquisition. This accrual relates to aircraft we lease under operating leases and sublease to airlines. Accretion is on an effective-interest method with periods corresponding to the remaining terms of the leases, ranging from three to seven years. Year one accretion is approximately $2.5 million.

1(g) Adjusted to reflect the effects of the pro forma adjustments (1)(a) through (1)(f) above on provision for income taxes. The income tax effects of the acquisition adjustments are calculated with reference to the enacted tax rates of the jurisdictions in which the assets and liabilities to which the individual acquisition adjustments relate are owned. The tax rates ranged from 12.5% to 29.6%.

2. Unaudited Consolidated Pro Forma Income Statement Adjustments—AeroTurbine Acquisition

The pro forma adjustments relating to the AeroTurbine Acquisition included in the unaudited consolidated pro forma income statement for the nine months ended September 30, 2006 and September 30, 2005 are as follows:

2(a) Adjusted to reflect nine months of straight-line amortization of a lease deficiency of $0.7 million recognized on the date of the AeroTurbine Acquisition ($0.1 million) for the nine months ended September 30, 2005 and four months of the amortization ($0.1 million) for the nine months ended September 30, 2006. The lease deficiency represents the present value of contracted lease revenues which are at below market rates for one of AeroTurbine's leases. The amortization period of five years is based on the remaining contractual lease term, including the renewal options that were determined at the time of the AeroTurbine Acquisition to be reasonably assured of being exercised.

2(b) Adjusted to reflect nine months of the depreciation of the $35.8 million fair value adjustment of equipment held for operating lease ($1.9 million) for the nine months ended September 30, 2005 and four months of the fair value adjustment ($0.8 million) for the nine months ended September 30, 2006 of depreciation of the $35.8 million. The fair value adjustments are depreciated over the remaining estimated useful lives of the underlying assets as of January 1, 2005. The depreciation periods range from four to 15 years, with a remaining weighted average life of 12.6 years.

2(c) Adjusted to reflect nine months of amortization of customer relationship intangible assets ($2.0 million) and straight line amortization of a FAA certificate and non-compete agreement ($0.2 million) for the nine months ended September 30, 2005 and four months of the amortization of the intangible assets ($0.8 million) and the amortization of a FAA certificate and non-compete agreement ($0.1 million) for the nine months ended September 30, 2006. Amortization of the intangible assets related to customer relationships is based on the anticipated sales in the ten years after the AeroTurbine Acquisition of both parts and engines which benefit from such relationships. 7% and 11% of the sales benefiting from the customer relationships are expected to occur in the first and second years following the AeroTurbine Acquisition, respectively. Amortization of the acquired FAA certificate is straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

2(d) Adjusted to reflect nine months of the $4.0 million fair value adjustment on AeroTurbine's property and equipment ($0.9 million) for the nine months ended September 30, 2005 and four months of the adjustment ($0.4 million) for the nine months ended September 30, 2006. The depreciation is recorded straight-line over the remaining estimated useful lives of the underlying assets as of January 1, 2005. The depreciation periods range from one to seven years, with a weighted average life of 3.5 years.

2(e) Adjusted to reflect nine months of amortization of the $13.6 million fair value adjustment to inventory ($5.2 million) for the nine months ended September 30, 2005 and four months of the amortization ($1.6 million) for the nine months ended September 30, 2006. Based on our historical experience, approximately 52% of the acquired inventory will be sold in the first 12 months after the AeroTurbine Acquisition and 36% will be sold in the second 12 months after the AeroTurbine Acquisition.

2(f) Adjusted to reflect the financing of the AeroTurbine Acquisition. The adjustment for the nine months ended September 30, 2005 reflects the subtraction of $5.1 million of interest expense and $0.4 million of debt issuance cost amortization for nine months on AeroTurbine's historical indebtedness prior to the AeroTurbine Acquisition and pro forma inclusion of $10.6 million of interest expense and $1.2 million of debt issuance cost amortization for nine months for the $175.0 million financing incurred to fund the AeroTurbine Acquisition. The adjustment for the nine months ended September 30, 2006 reflects the subtraction of $2.7 million of interest and debt issuance cost amortization for four months on AeroTurbine's historical indebtedness prior to the AeroTurbine Acquisition and the inclusion of $4.7 million of interest expense and $0.5 million of debt issuance cost amortization for four months for the $175.0 million financing incurred to fund the AeroTurbine Acquisition. Interest on the post AeroTurbine Acquisition debt was calculated using a three-month LIBOR rate of 5.13% at the date of the AeroTurbine Acquisition plus a weighted average spread of 2.99%.

If interest rates were one eighth of one percentage point higher or lower, our pro forma interest expense would have increased or decreased, respectively, by approximately $0.2 million and $0.1 million in the nine months ended September 30, 2005 and the four months ended April 26, 2006.

2(g) Adjusted to reflect nine months of the compensation expense ($18.3 million) in connection with restricted shares purchased by two members of the senior management of AeroTurbine on the date of the AeroTurbine Acquisition for the nine months ended September 30, 2005 and four months of compensation expense ($8.1 million) for the nine months ended September 30, 2006. The restricted shares were awarded in four equal tranches. The first three tranches qualify as equity awards from their inception under FAS 123R. The fourth tranche qualified as a liability award between April 26, 2006, the date of grant, and September 19, 2006 because the two members of the senior management of AeroTurbine had the right to put the shares back to the Bermuda Parents immediately upon vesting in the fourth year of the vesting period. On September 19, 2006, the two AeroTurbine executives executed amendments to the award agreements which removed their right to put the shares back to the Bermuda Parents and the fourth tranche then qualified as an equity award. For all tranches, vesting accelerates upon a change in control, including an initial public offering. The amount of expense recognition for the first three tranches is based on the difference between the estimated fair value ($57.9 million) of these restricted shares on the date of grant and the price paid for these shares by the two members of the senior management of AeroTurbine ($0.9 million). The amount of expense recognition for the fourth tranche is based on the difference between the estimated fair value ($22.2 million) of the shares at September 19, 2006 (when the amendment to the award agreements were signed) and the price paid for these shares ($0.3 million). The fair value of all restricted shares was determined with reference to the mid-point of the price range set forth on the cover of this prospectus and reflects a discount for lack of marketability ("DLOM") at each valuation date which varies according to such date's proximity to the anticipated date of this offering.

2(h) Adjusted to reflect (i) nine months of the tax effect of AeroTurbine's pro forma income before tax of $19.6 million for the nine months ended September 30, 2005 ($7.6 million tax expense) and four months of the tax effect of AeroTurbine's pro forma income before tax of $6.9 million in the nine months ended September 30, 2006 ($2.7 million tax expense) as if AeroTurbine had been a taxable corporation for those periods and (ii) nine months of the tax effect of the pro forma adjustments (a) through (g) above totaling a net loss effect of $34.7 million ($13.4 million tax benefit) in the nine months ended September 30, 2005 and four months of the tax effect of the pro forma adjustments (a) through (g) above totaling a net loss effect of $14.4 million ($5.6 million tax benefit) in the nine months ended September 30, 2006. The determination of the tax effect on the above items was calculated using AeroTurbine's blended pro forma estimated U.S. federal and state tax rate of 38.58%.

3. Unaudited Consolidated Pro Forma Income Statement Adjustments—Conforming Accounting Changes and Reclassifications

The following reclassifications have been made for the nine months ended September 30, 2005 and September 30, 2006 to align AeroTurbine's accounting policies and financial statement line items with those presented in our financial statements for the nine months ended September 30, 2006:

3(a) Adjusted to reclassify AeroTurbine's interest expense, interest income and other income historically recorded net within other income (expenses) on its income statement to conform with the consolidated income statement presentation we have adopted for our 2006 consolidated financial statements. AeroTurbine has historically recorded these items below income from continuing operations before income taxes and minority interests. We have historically recorded these items separately in their respective line items (interest on term debt, interest revenue and other revenue) as income from continuing operations before income taxes and minority interests or operating expenses. These reclassifications to the respective line items were based on the classification provided in AeroTurbine's unaudited combined income statements for the nine months ended September 30, 2005 and adjustment 2(f) to these pro forma financial statements. The following table summarizes the adjustments made to reclassify the amounts previously presented in other expenses to their respective line item within our consolidated income statement presentation:

Adjustments for the nine months ended September 30, 3005	Interest revenue	Interest on term debt	Other revenue	Other (expenses) income
		(US dollars in thousands)		
Reclassify historical interest revenue for AeroTurbine to interest revenue	$ 5	$ —	$ —	$ (5)
Reclassify historical interest expense for AeroTurbine to interest on term debt	—	5,120	—	5,120
Reclassify historical other income for AeroTurbine to other revenue	—	—	170	(170)
Reclassify pro forma interest expense for AeroTurbine to interest on term debt*	—	6,319	—	6,319
Total	**$ 5**	**$ 11,439**	**$ 170**	**$ 11,264**

* This amount is a reclassification of adjustment 2(f) to these pro forma financial statements.

Adjustments for the nine months ended September 30, 2006	Interest revenue	Interest on term debt	Other revenue	Other (expenses) income
		(US dollars in thousands)		
Reclassify historical interest revenue for AeroTurbine to interest revenue	$ 5	$ —	$ —	5
Reclassify historical interest expense for AeroTurbine to interest on term debt	—	2,630	—	2,630
Reclassify historical other income for AeroTurbine to other revenue	—	—	56	2,630
Reclassify pro-forma interest expense for AeroTurbine to interest on term debt*	—	2,535	—	2,535
Total	$ 5	$ 5,165	$ 56	$ 5,104

* This amount is a reclassification of adjustment 2(f) to these pro-forma financial statements.

3(b) Adjusted to reclassify depreciation and amortization expenses in the cost of goods sold, and selling, general and administration expenses line items to the depreciation and amortization line item and to reclassify leasing expenses in the costs of goods sold line item to leasing expenses. AeroTurbine has historically shown depreciation of leased engines and aircraft and leasing expenses associated with such engines and aircraft as part of cost of goods sold. In addition, AeroTurbine has shown depreciation of property and equipment and amortization of leasehold interest as selling, general and administrative expenses. Due to the recognition of intangible assets resulting from the AeroTurbine Acquisition and the related future amortization, amortization expense will be a more significant expense for the consolidated group than it has been historically for each company. In addition, we have historically shown leasing expenses on a separate line on our income statement. The following table summarizes the adjustments made:

Adjustments for the nine months ended September 30, 2005	Depreciation and amortization	Cost of goods sold	Selling, general and administrative	Leasing expenses
		(US dollars in thousands)		
Reclassify historical depreciation on leased engines for AeroTurbine	$ 4,276	$ (4,276)	$ —	$ —
Reclassify historical leasing expenses for AeroTurbine	—	(9,184)	—	9,184
Reclassify pro forma depreciation of fair value adjustment on leased engines for AeroTurbine	1,883	(1,883)	—	—
Reclassify pro forma amortization of intangible assets for AeroTurbine	2,144	(2,144)	—	—
Reclassify historical depreciation in selling, general and administrative expenses for AeroTurbine	163	—	(163)	—
Reclassify pro forma depreciation of fair value adjustment of property and equipment for AeroTurbine	857	—	(857)	—
Total	**$ 9,323**	**$ (17,487)**	**$ (1,020)**	**$ 9,184**

Adjustments for the nine months ended September 30, 2006	Depreciation and amortization	Cost of goods sold	Selling, general and administrative	Leasing expenses
		(US dollars in thousands)		
Reclassify historical depreciation on leased engines for AeroTurbine	$ 1,411	$ (1,411)	$ —	$ —
Reclassify historical leasing expenses for AeroTurbine	—	(3,653)	—	3,653
Reclassify pro-forma depreciation of fair value adjustment on leased engines for AeroTurbine	837	(837)	—	—
Reclassify pro-forma amortization of intangible assets for AeroTurbine	923	(923)	—	—
Reclassify historical depreciation in selling, general and administrative expenses for AeroTurbine	150	—	(150)	—
Reclassify pro forma depreciation of fair value adjustment of property and equipment for AeroTurbine	381	—	(381)	—
Total	$ 3,702	$ (6,824)	$ (531)	$ 3,653

4. Unaudited Consolidated Pro Forma Income Statement Adjustments—Change in Organizational Structure and this Offering

The pro forma adjustments relating to our change in organizational structure and the completion of this offering are as follows:

4(a) Adjusted to show nine months of the effect of the reduced amortization of the intangible lease premium for the nine months ended September 30, 2005 and six months of the effect for the nine months ended September 30, 2006 due to the reduction of the intangible lease premium as described in note 4(d). The effect of the reduced amortization for the three months ended September 30, 2006 is included in our historical lease revenue for the nine months ended September 30, 2006 because we adjusted our lease premium at June 30, 2006.

4(b) Adjusted to reflect the reduction of nine months of interest paid due to the repayment of approximately $140.0 million of the Caylon senior secured term loan and/or junior subordinated loan from the use of proceeds of this offering. The reduction of interest paid is calculated assuming a three-month LIBOR rate of 5.13% at the date of the AeroTurbine Acquisition plus the spread on the senior term debt of 2.75%. As a result of the early repayment of the $140.0 million of the senior secured term loan and/or junior subordinated loan, we will incur an early repayment penalty of $1.4 million and will write off $3.1 million for the nine months ended September 30, 2005, which represents the portion of the debt issuance costs related to the $140.0 million repayment assuming a closing date of this offering of October 1, 2005, and $2.4 million for the nine months ended September 30, 2006, which represents the portion of the debt issuance costs related to the $140.0 million repayment assuming a closing date of this offering of October 1, 2006. As the early repayment penalty and the write off of the debt issuance costs are one time adjustments, they are considered non-recurring in nature and are not included as adjustments to these pro forma financial statements.

4(c) On the closing of this offering certain restricted shares and share options granted by Cerberus in the Bermuda Parents and held by members of our senior management and a consultant will vest and we will recognize stock compensation expense. Due to the non-recurring nature of these adjustments, no pro forma adjustment has been included. The impact of the vesting for the restricted shares/options would be, on a pro forma basis, as follows:

- With respect to all shares held by the two members of the senior management of AeroTurbine described in note 2(g), the vesting will trigger immediate recognition of compensation expense on the closing date of this offering. For the first three tranches this amount would be approximately $42.7 million on a pro forma basis for the nine months ended September 30, 2005 and approximately $23.7 million on a pro forma basis for the nine months ended September 30, 2006. These amounts are calculated using the fair value of the awards less the compensation expense recorded in note 2(g). For the fourth tranche this amount would be approximately $17.5 million for the nine months ended September 30, 2005 and approximately $12.1 million for the nine months ended September 30, 2006. These amounts are based on the fair value of the shares at September 19, 2006, the date the awards were modified to restrict the executives from immediately putting their shares to the Bermuda Parents upon vesting, less the compensation expense recorded in note 2(g). For the compensation expense for the nine months ended September 30, 2005, we have assumed a closing date of this offering of October 1, 2005 and for the compensation expense for the nine months ended September 30, 3006, we have assumed a closing date of this offering of October 1, 2006.

- With respect to restricted shares and share options granted to our management, expense recognition will be triggered upon the closing of the offering and would be equal to the grant date fair value of $3.1 million multiplied by the number of months between the grant date and the offering date and divided by the number of months between the grant date and the offering date plus a two-year lock-up period, during which management is not allowed to sell their shares. For the nine months ended September 30, 2005, based on an assumed closing date of this offering of October 1, 2005, this expense recognition would total $0.8 million, and for the nine months ended September 30, 2006, based on an assumed closing date of this offering of October 1, 2006, this expense recognition would total $1.4 million.

- With respect to restricted shares in the Bermuda Parents granted to an individual providing consulting services to us, the restricted shares will vest upon the closing of the offering and will trigger immediate recognition of compensation expense on such date. The amount of expense recognized is calculated in the same way as for our management, but with reference to the offering price instead of the grant date fair value. The expense recognition would be approximately $2.0 million, based on the mid-point of the range set forth on the cover of this prospectus and an assumed closing date of this offering of October 1, 2005, in the case of the compensation expense for the nine months ended September 30, 2005, and the expense recognition would be approximately $3.3 million, based on the mid-point of the range set forth on the cover of this prospectus and an assumed closing date of this offering of October 1, 2006, in the case of the compensation expense for the nine months ended September 30, 2006.

- With respect to stock options in the Bermuda Parents granted to three executive officers in August and September 2006, expense recognition will be triggered in an amount equal to the grant date fair value of the options of $11.1 million multiplied by the number of months between the grant date and the offering date and divided by the number of months between the grant date and the end of the formal vesting period, but not earlier than the end of a two-year lock up period. The options will either vest upon the closing of this offering, vest based on the passage of time or vest based on the achievement of defined performance criteria deemed probable at the time of this offering. The expense recognition would be approximately $2.4 million, based on an assumed closing date of this offering of October 1, 2005, in the case of the compensation expense for the nine months ended September 30, 2005, and the expense recognition would be $4.6 million, based on an assumed closing date of this offering of October 1, 2006, in the case of the compensation expense for the nine months ended September 30, 2006.

4(d) Adjusted to show a nine-month tax impact of changing from a non-taxable partnership to a taxable corporation ($4.6 million). In connection with the change in organizational structure, the loans owed by AerCap B.V. to AerCap Holdings C.V. will be transferred to one of our Irish subsidiaries. Interest income on these loans when owed to AerCap Holdings C.V. was not taxable. After the transfer, the interest is expected to be taxable in Ireland at a rate of 12.5%. This tax rate is calculated on the $802.0 million of loans plus accrued interest. The interest rate is equal to a one-month LIBOR of 4.39% at December 31, 2005 plus a weighted average spread on the loans of 1.34%. As a result of the loan transfer, we will report additional taxable income in Ireland which has allowed us to eliminate the previously recorded valuation allowance of $17.4 million related to Irish tax losses. US GAAP requires the benefit recognized from the elimination of a valuation allowance existing at the date of an acquisition of a company to be recorded first as a reduction of goodwill, then as a reduction of intangible assets and lastly as a reduction of income tax expense. As the valuation allowance was recognized on the deferred tax assets at the 2005 Acquisition date and no goodwill was recognized in the 2005 Acquisition, the elimination of the valuation allowance is recorded as a reduction of the intangible lease premium.

4(e) Adjusted to reflect the effects of the pro forma adjustments (4)(a) and (4)(b) above on the provision for income taxes for the nine months ended September 30, 2005 ($4.6 million) and 2006 ($4.2 million). The income tax effects of the adjustments are calculated with reference to the enacted tax rates in the jurisdictions in which the adjustment relates. The tax rates range from 12.5% to 38.58%.

5. Unaudited Pro Forma Net Income Per Share

Nine months ended September 30, 2005 and 2006

Basic and diluted pro forma earnings per share are calculated on the basis of the weighted average number of shares outstanding as if all shares had been issued on January 1, 2005. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Diluted pro forma earnings per share in this case is identical to basic pro forma earnings per share because we do not have any securities or other contracts outstanding that could result in the issuance of additional shares. The weighted average number of ordinary shares outstanding assumes the issuance of shares in the initial public offering. As explained in the notes above, including note 4(c), certain pro forma effects are excluded from the calculation of pro forma net income due to their non-recurring nature. Pro forma earnings per share would be lower if these non-recurring adjustments were included in the calculation of pro forma net income.

The following table sets forth the computation of unaudited pro forma basic and diluted net income per share:

	Nine months ended September 30, 2005	
	Shares	Income per share
		(US dollars)
AerCap pro forma weighted average shares-basic and diluted	78,236,957	$ 1.04
Shares issued to repay $140.0 million of the principal amount of the AeroTurbine Calyon senior secured term loan and/or junior subordinated loan	6,800,000	(0.08)
Pro forma weighted average shares - basic and diluted	85,036,957	$ 0.96

	Nine months ended September 30, 2006	
	Shares	Income per share
		(US dollars)
AerCap pro forma weighted average shares-basic and diluted	78,236,957	$ 1.34
Shares issued to repay $140.0 million of the principal amount of the AeroTurbine Calyon senior secured term loan and/or junior subordinated loan	6,800,000	(0.11)
Pro forma weighted average shares - basic and diluted	85,036,957	$ 1.23

Unaudited Consolidated Pro Forma Income Statement Year Ended December 31, 2005—2005 Acquisition

	AerCap B.V.	AerCap Holdings C.V.	2005 Acquisition		Subtotal AerCap
	Six months ended June 30, 2005 Historic	Six months ended December 31, 2005 Historic	Twelve months ended December 31, 2005 Adjustments(1)		Year ended December 31, 2005 Pro Forma
			(US dollars in thousands)		
Revenues					
Lease revenue	$ 175,333	$ 173,568	$ (2,935)	1(a)	$ 345,966
Sales revenue.	79,574	12,489	—		92,063
Management fee revenue	6,512	7,674	—		14,186
Interest revenue	13,130	20,335	4,610	1(b)	38,075
Other revenue	3,459	1,006	—		4,465
Total revenues	**278,008**	**215,072**	**1,675**		**494,755**
Expenses					
Depreciation and amortization	66,407	45,918	(18,454)	1(c)	93,871
Cost of goods sold	57,632	10,574	—		68,206
Interest on term debt	69,857	44,742	(18,922)	1(d), 1(e)	95,677
Operating lease in costs	13,877	11,441	(1,232)	1(f)	24,086
Leasing expenses	9,688	12,213	—		21,901
Provision for doubtful notes and accounts receivable	3,161	3,002	—		6,163
Selling, general and administrative expenses	19,559	26,949	—		46,508
Total expenses	**240,181**	**154,839**	**(38,608)**		**356,412**
Income from continuing operations before income taxes and minority interest	**37,827**	**60,233**	**40,283**		**138,343**
Other (expenses) income	—	—	—		—
Provision for income taxes	(4,127)	(10,570)	(8,057)	1(g)	(22,754)
Net income	$ **33,700**	$ **49,663**	$ **32,226**		$ **115,589**

Unaudited Consolidated Pro Forma Income Statement Year Ended December 31, 2005—AeroTurbine Acquisition, Change in Organizational Structure and this Offering

	Subtotal AerCap	AeroTurbine	AeroTurbine Acquisition	Conforming changes	AerCap change of organizational structure/ Offering	
	Year ended December 31, 2005 Pro Forma	Year ended December 31, 2005 Historic	Year ended December 31, 2005 Adjustments(2)	Year ended December 31, 2005 Adjustments(3)	Year ended December 31, 2005 Adjustments(4)	Year ended December 31, 2005 Pro Forma
			(US dollars in thousands, except share and per share amounts)			
Unaudited Consolidated Pro Forma Income Statement:						
Revenues						
Lease revenue	$ 345,966	$ 34,939	$ 144 2(a)	$ —	$ 9,708 4(a)	$ 390,757
Sales revenue	92,063	87,746	—	—	—	179,809
Management fee revenue	14,186	—	—	—	—	14,186
Interest revenue	38,075	—	—	8 3(a)	—	38,083
Other revenue	4,465	—	—	915 3(a)	—	5,380
Total revenues	**494,755**	**122,685**	**144**	**923**	**9,708**	**628,215**
Expenses						
Depreciation and amortization	93,871	—	—	14,335 3(b)	—	108,206
Cost of goods sold	68,206	79,230	2(b), 12,352(c)(e)	3(a), (24,858)(b)	—	134,930
Interest on term debt	95,677	—	—	15,573 3(a)	(11,032)4(b)	100,218
Operating lease in costs	24,086	—	—	—	—	24,086
Leasing expenses	21,901	—	—	11,978	—	33,879
Provision for doubtful notes and accounts receivable	6,163	—	—	—	—	6,163
Selling, general and administrative expenses	46,508	16,471	2(d), 25,611(g)	(1,455)3(b)	— 4(c)	87,135
Total expenses (income)	**356,412**	**95,701**	**37,963**	**15,573**	**(11,032)**	**494,617**
Income (loss) from continuing operations before income taxes and other (expenses) income	**138,343**	**26,984**	**(37,819)**	**(14,650)**	**20,740**	**133,598**
Provision for income taxes	(22,754)	—	9,832 2(h)	—	)4(d) (12,270(e)	(25,191)
Other (expenses) income	—	(6,691)	(7,959)2(f)	14,650 3(a)	—	—
Net income (loss)	**$ 115,589**	**$ 20,293**	**$ (35,946)**	**$ —**	**$ 8,470**	**$ 108,407**
Earnings per share basic	—	—	—	—	—	1.27 (5)
Earnings per share diluted	—	—	—	—	—	1.27
Weighted average shares outstanding basic	—	—	—	—	—	85,036,957
Weighted average shares outstanding diluted	—	—	—	—	—	85,036,957

1. Unaudited Consolidated Pro Forma Income Statement Adjustments—2005 Acquisition

The unaudited consolidated pro forma income statement adjustments relating to the 2005 Acquisition are as follows:

1(a) Adjusted to reflect six months of straight-line amortization of intangible lease premium and lease deficiency of $26.8 million arising from the 2005 Acquisition. The lease premium asset represents the present value of contracted lease revenues which were at above-market rates. The lease deficiency represents the present value of contracted lease revenues which were at below-market rates. The useful lives were determined based on the applicable lease terms as of January 1, 2005 which range from one to six years, with a weighted average life of 4.6 years.

1(b) Adjusted to reflect six months of accretion of the fair value adjustments on financial instruments ($29.9 million) arising from the 2005 Acquisition. Accretion is calculated on an effective interest method over the applicable terms of the notes, which range from one to six years. Year one accretion is approximately $9.2 million.

1(c) Adjusted to reflect six months of straight-line depreciation of the fair value adjustments on our flight equipment held for operating leases arising from the 2005 Acquisition. The fair value adjustment resulted in a $632.8 million reduction to the net book value of our flight equipment. The useful lives were determined for each asset which range from 10 to 25 years, with a remaining weighted average life of 17.1 years.

1(d) Adjusted to reflect the financing of the 2005 Acquisition and the amortization of the fair value adjustments ($4.0 million) recorded on our fixed rate term debt existing at the date of the 2005 Acquisition. On the date of the 2005 Acquisition, we eliminated $1.8 billion of loans from AerCap B.V.'s prior shareholders and we borrowed $1.0 billion under a variable rate term loan, which was repaid in October 2005 with the proceeds from an aircraft securitization variable rate term debt financing ($1.0 billion) that closed on September 15, 2005. The term loan is considered non-recurring for pro forma purposes. The adjustments to the aircraft securitization variable rate term debt are calculated for the period from January 1, 2005 until September 15, 2005, as the effects of this debt are included in the historical income statement from September 16, 2005. The pro forma adjustment was calculated as follows:

- Addition of $32.2 million of interest expense representing 8.5 months of interest on the aircraft securitization variable rate term debt using an interest rate of 4.82%, consisting of the one-month LIBOR rate of 3.34% at the date of the 2005 Acquisition plus a weighted average spread of 1.48%, on an average debt outstanding of $941.0 million for the six month period covered by this adjustment;

- Addition of $2.5 million of amortization of the related aircraft securitization term debt financing costs $29.6 million for 8.5 months. The amortization is calculated using the effective interest method. Year one amortization is approximately $3.5 million;

- Subtraction of $42.2 million of interest expense on the shareholder loans recorded in our historical income statement for the six months ended June 30, 2005;

- Subtraction of $15.9 million of interest expense on the variable rate term loan recorded in our historical income statement for the period from July to October 2005, when this loan was repaid. This amount is subtracted as it is considered non-recurring in nature; and

- Subtraction of $0.3 million of accretion of the fair value adjustment ($4.0 million) on the fixed rate term debt existing at the date of the 2005 Acquisition. The amortization is calculated using the effective interest method over a period of four to nine years. Year one accretion is approximately $0.6 million.

Hypothetically, if interest rates were one eighth of one percentage point higher or lower, our pro forma interest expense would have increased or decreased, respectively, by approximately $1.2 million in 2005.

1(e) Adjusted to reflect six months of amortization ($4.8 million) of fair value adjustments ($34.2 million) to liabilities (principally accrued maintenance liability and lessee deposit liability) which amortize on an effective-interest method. Year one amortization is approximately $9.6 million.

1(f) Adjusted to reflect six months of amortization of fair value adjustments ($14.0 million) of our onerous contract accrual arising from the 2005 Acquisition. This accrual relates to aircraft we lease under operating leases and sublease to airlines. Amortization is on an effective-interest method with periods corresponding to the remaining terms of the leases, ranging from three to seven years. Year one accretion is approximately $2.5 million.

1(g) Adjusted to reflect the effects of the pro forma adjustments (1)(a) through (1)(f) above on provision for income taxes. The income tax effects of the acquisition adjustments are calculated with reference to the enacted tax rates of the jurisdictions in which the assets and liabilities to which the individual acquisition adjustments relate are owned. The tax rates ranged from 12.5% to 29.6%.

2. Unaudited Consolidated Pro Forma Income Statement Adjustments—AeroTurbine Acquisition

The pro forma adjustments relating to the AeroTurbine Acquisition included in the unaudited consolidated pro forma income statement are as follows:

2(a) Adjusted to reflect 12 months of straight-line amortization ($0.1 million) of a lease deficiency of $0.7 million recognized on the date of the AeroTurbine Acquisition. The lease deficiency represents the present value of contracted lease revenues which are at below market rates for one of AeroTurbine's leases. The amortization period of five years is based on the remaining contractual lease term, including the renewal options that were determined at the time of the AeroTurbine Acquisition to be reasonably assured of being exercised.

2(b) Adjusted to reflect 12 months of depreciation ($2.5 million) of the $35.8 million fair value adjustment of equipment held for operating lease. The fair value adjustments are depreciated over the remaining estimated useful lives of the underlying assets as of January 1, 2005. The depreciation periods range from four to 15 years, with a weighted average remaining life of 12.6 years.

2(c) Adjusted to reflect 12 months ($2.6 million) of amortization of the $23.4 million of customer relationship intangible assets, and 12 months ($0.3 million) of straightline amortization of the FAA license and non-compete agreement. Amortization of the intangible assets related to customer relationships is based on the anticipated sales in the ten years after the AeroTurbine Acquisition of both parts and engines which benefit from such relationships. 7% of the sales benefiting from the customer relationships are expected to occur in the first year following the AeroTurbine Acquisition. Amortization of the acquired FAA certificate is straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

2(d) Adjusted to reflect 12 months ($1.2 million) of the $4.0 million fair value adjustment on AeroTurbine's property and equipment. The depreciation is recorded straight-line over the remaining estimated useful lives of the underlying assets as of January 1, 2005. The depreciation periods range from one to seven years, with a weighted average life of 3.5 years.

2(e) Adjusted to reflect 12 months ($7.0 million) of amortization of the $13.6 million fair value adjustment to inventory. Based on our historical experience, approximately 52% will be sold in the first 12 months after the AeroTurbine Acquisition.

2(f) Adjusted to reflect the financing of the AeroTurbine Acquisition. The adjustment for the 12 months reflects the subtraction of $7.0 million of interest expense and $0.8 million of debt issuance cost amortization for 12 months on AeroTurbine's historical indebtedness prior to the AeroTurbine Acquisition; and pro forma inclusion of $14.2 million of interest expense and $1.6 million of debt issuance cost amortization for 12 months for the $175.0 million financing incurred to fund the AeroTurbine Acquisition. Interest on the post AeroTurbine Acquisition debt was calculated using a three-month LIBOR rate of 5.13% at the date of the AeroTurbine Acquisition plus a weighted average spread of 2.99%.

If interest rates were one eighth of one percentage point higher or lower, our pro forma interest expense would have increased or decreased, respectively, by approximately $0.2 million in for the year ended December 31, 2005.

2(g) Adjusted to reflect 12 months ($24.5 million) of compensation expense in connection with restricted shares purchased by two members of the senior management of AeroTurbine on the date of the AeroTurbine acquisition. The restricted shares were awarded in four equal tranches. The first three tranches qualify as equity awards under FAS 123R. The fourth tranche qualified as a liability award between April 26, 2006, the date of grant, and September 19, 2006 because the two members of the senior management of AeroTurbine had the right to put the shares back to the Bermuda Parents immediately upon vesting in the fourth year of the vesting period until September 19, 2006. On September 19, 2006, the two AeroTurbine executives executed amendments to the award agreements which removed their right to put the shares back to the Bermuda Parents and the fourth tranche then qualified as an equity award. For all tranches, vesting accelerates upon a change in control, including an initial public offering. The amount of expense recognition for the first three tranches is based on the difference between the estimated fair value ($57.9 million) of these restricted shares at the date of grant and the price paid for these shares by the two members of the senior management of AeroTurbine ($0.9 million). The amount of expense recognition for the fourth tranche is based on the difference between the estimated fair value ($21.9 million) of the shares at September 19, 2006 (when the amendment to the award agreements were signed) and the price paid for these shares ($0.3 million). The fair value of all restricted shares was determined with reference to the mid-point of the price range set forth on the cover of this prospectus and reflects a DLOM at each valuation date which varies according to such date's proximity to the anticipated date of this offering.

2(h) Adjusted to reflect (i) the tax effect of AeroTurbine's income before tax of $20.3 million for the year ended December 31, 2005 ($7.8 million tax expense) as if AeroTurbine had been a taxable corporation for this period and (ii) the tax effect of the pro forma adjustments (a) through (g) above totaling a net loss effect of $45.8 million ($17.7 million tax benefit) for the year ended December 31, 2005. The determination of the tax effect on the above items was calculated using AeroTurbine's blended pro forma estimated U.S. federal and state tax rate of 38.58%.

3. Unaudited Consolidated Pro Forma Income Statement Adjustments—Conforming Accounting Changes and Reclassifications

The following reclassifications have been made to align the accounting policies and financial statement line items presented in our financial statements for the nine months ended September 30, 2006:

3(a) Adjusted to reclassify AeroTurbine's interest expense, interest income and other income historically recorded net within other income (expenses) on its income statement to conform with the consolidated income statement presentation we have adopted for our 2006 consolidated financial statements. AeroTurbine has historically recorded these items below income from continuing operations before income taxes and minority interests. We have historically recorded these items separately in their respective line items (interest on term debt, interest revenue and other revenue) as income from continuing operations before income taxes and minority interests or operating expenses. These reclassifications to the respective line items were based on the classification provided in AeroTurbine's combined income statement for the year ended December 31, 2005 and adjustment 2(f) to these pro forma financial statements. The following table summarizes the adjustments made to reclassify the amounts previously presented in other expenses to their respective line item within our consolidated income statement presentation:

Adjustments for the year ended December 31, 2005	Interest revenue	Interest on term debt	Other revenue	Other (expenses) income
		(US dollars in thousands)		
Reclassify historical interest revenue for AeroTurbine to interest revenue	$ 8	$ —	$ —	$ (8)
Reclassify historical interest expense for AeroTurbine to interest on term debt	—	7,614	—	7,614
Reclassify historical other income for AeroTurbine to other revenue	—	—	915	(915)
Reclassify pro forma interest expense for AeroTurbine to interest on term debt*	—	7,959	—	7,959
Total	**$ 8**	**$ 15,573**	**$ 915**	**$ 14,650**

* This amount is a reclassification of adjustment 2(f) to these pro forma financial statements.

3(b) Adjusted to reclassify depreciation and amortization expenses in the cost of goods sold and selling, general and administrative expenses line items to the depreciation and amortization line item and to reclassify leasing expenses in the cost of goods sold line item to leasing expenses. AeroTurbine has historically shown depreciation of leased engines and leasing expenses associated with such engines and aircraft as part of cost of goods sold. In addition, AeroTurbine has shown depreciation of property and equipment and amortization of leasehold interest as selling, general and administrative expenses. Due to the recognition of intangible assets resulting from the AeroTurbine Acquisition and the related future amortization, amortization expense will be a more significant expense for the consolidated group than it has been historically for each company. The following table summarizes the adjustments made:

Adjustments for the year ended December 31, 2005	Depreciation and amortization	Cost of goods sold	Selling, general and administrative	Leasing expenses
		(US dollars in thousands)		
Reclassify historical depreciation on leased engines for AeroTurbine	$ 7,511	$ (7,511)	$ —	$ —
Reclassify historical leasing expenses for AeroTurbine	—	(11,978)	—	11,978
Reclassify pro forma depreciation of fair value adjustment on leased engines for AeroTurbine	2,510	(2,510)	—	—
Reclassify pro forma amortization of intangible assets for AeroTurbine	2,859	(2,859)	—	—
Reclassify historical depreciation in selling, general and administrative expenses for AeroTurbine	313	—	(313)	—
Reclassify pro forma depreciation of fair value adjustment of property and equipment for AeroTurbine	1,142	—	(1,142)	—
Total	**$ 14,335**	**$ (24,858)**	**$ (1,455)**	**$ 11,978**

4. Unaudited Consolidated Pro Forma Income Statement Adjustment—Change in Organizational Structure and this Offering

The pro forma adjustments relating to our change in organizational structure and the completion of this offering are as follows:

4(a) Adjusted to show the effect of 12 months of the reduced amortization of the intangible lease premium due to a reduction of the intangible lease premium in connection with a reduction of the valuation allowance as described in note 4(e).

4(b) Adjusted to reflect the reduction of 12 months of interest paid due to the repayment of approximately $140.0 million of the Caylon senior secured term loan and/or junior subordinated loan from the use of proceeds of this offering. The reduction of interest paid is calculated assuming a three-month LIBOR rate of 5.13% at the date of the AeroTurbine Acquisition plus the spread on the senior secured term debt of 2.75%. As a result of the early repayment of the $140.0 million of the senior term loan, we will incur an early repayment penalty of $1.4 million and will write off $2.9 million which represents the portion of the debt issuance costs related to the $140.0 million repayment, assuming a closing date of this offering of January 1, 2006. As the early repayment penalty and the write off of the debt issuance costs are one time adjustments, they are considered non-recurring in nature and are not included as adjustments to these pro forma financial statements.

4(c) On the closing of this offering restricted shares and share options granted by Cerberus in the Bermuda Parents and held by members of our senior management will vest. Due to the non-recurring nature of these adjustments, no pro forma adjustment has been included. The impact of the vesting for the restricted shares/options would be, on a pro forma basis, as follows:

- With respect to all shares held by the two members of the senior management of AeroTurbine described in note 2(g), the vesting will trigger immediate recognition of compensation expense on the closing date of this offering. For the first three tranches this amount will be approximately $38.0 million on a pro forma basis for the year ended December 31, 2005. This amount is calculated using the fair value of the awards less the compensation expense recorded in note 2(g). For the fourth tranche this amount would be $16.1 million on a pro forma basis for the year ended December 31, 2005. This amount is based on the fair value of the shares at September 19, 2006, the date the awards were modified to restrict the two members of the senior management of AeroTurbine from immediately putting their shares to the Bermuda Parents upon vesting, less the compensation expense recorded in note 2(g). For the adjustments for the year ended December 31, 2005, we have assumed a closing date of this offering of January 1, 2006.

- With respect to restricted shares and share options granted to our management in December 2005 expense recognition will be triggered upon the offering equal to the grant date fair value of $3.1 million multiplied by the number of months between the grant date and the offering date and divided by the number of months between the grant date and the offering date plus a two-year lock-up period, during which management is not allowed to sell their shares. Based on an assumed closing date of this offering of January 1, 2006, this expense recognition would total $1.0 million.

- With respect to restricted shares in the Bermuda Parents granted to an individual providing consulting services to us, the restricted shares will vest at the offering and will trigger immediate recognition of compensation expense on the closing date of this offering. The amount of expense recognized is calculated in the same way as for shares and options granted to our senior management in December 2005, but with reference to the offering price instead of the grant date fair value. The expense recognition would be approximately $2.4 million, based on the mid-point of the range set forth on the cover of this prospectus and assuming a closing date of this offering of January 1, 2006.

- With respect to stock options in the Bermuda Parents granted to three executive officers in August and September 2006, expense recognition will be triggered in an amount equal to the grant date fair value of options multiplied by the number of months between the grant date and the offering date and divided by the number of months between the grant date and the end of the formal vesting period but not earlier than the end of a two-year lock up period. The options either vest upon the offering, vest based on the passage of time or vest based on the achievement of defined performance criteria deemed probable at the time of this offering. Based on an assumed closing date of this offering of January 1, 2006, this expense recognition would total $3.0 million.

4(d) Adjusted to show a 12 month tax impact of changing from a non-taxable partnership to a taxable corporation ($6.1 million). In connection with the change in organizational structure, the loans owed by AerCap B.V. to AerCap Holdings C.V. will be transferred to one of our Irish subsidiaries. Interest income on these loans when owed to AerCap Holdings C.V. was not taxable. After the transfer, the interest is expected to be taxable in Ireland at a rate of 12.5%. This tax rate is calculated on the $802.0 million of loans plus accrued interest. The interest rate is equal to a one-month LIBOR of 4.39% at December 31, 2005 plus a weighted average spread on the loans of 1.34%. As a result of the loan transfer, we will report additional taxable income in Ireland which will allow us to eliminate the existing valuation allowance of $17.4 million related to Irish tax losses. As the valuation allowance was recognized on the deferred tax assets at the 2005 Acquisition date and no goodwill was recognized in the 2005 Acquisition, the elimination of the valuation allowance is recorded as a reduction of the intangible lease premium.

4(e) Adjusted to reflect the effects of the pro forma adjustments (4)(a) and (4)(b) above on the provision for income taxes for the 12 months ended December 31, 2005 ($6.2 million). The income tax effects of the adjustments are calculated with reference to the enacted tax rates in the jurisdictions in which the adjustment relates. The tax rates range from 12.5% to 38.58%.

5. Unaudited Pro Forma Net Income Per Share

Year ended December 31, 2005

Basic and diluted pro forma earnings per share are calculated on the basis of the weighted average number of shares outstanding as if all shares had been issued on January 1, 2005. Diluted earnings per share reflects the potential dilution that could occur if securities or other contracts to issue ordinary shares were exercised or converted into ordinary shares. Diluted pro forma earnings per share in this case is identical to basic pro forma earnings per share because we do not have any securities or other contracts outstanding that could result in the issuance of additional ordinary shares. The weighted average number of ordinary shares outstanding assumes the issuance of shares in the initial public offering. As explained in the notes above, including note 4(c), certain pro forma effects are excluded from the calculation of pro forma net income due to their non-recurring nature. Pro forma earnings per share would be lower if these non-recurring adjustments were included in the calculation of pro forma net income.

The following table sets forth the computation of unaudited pro forma basic and diluted net income per share:

	Year ended December 31, 2005	
	Shares	Income per share
		(US dollars)
AerCap weighted average shares - basic and diluted	78,236,957	$ 1.39
Shares issued to repay the $140.0 million Caylon senior secured term loan and/or junior subordinated loan	6,800,000	(0.12)
Pro forma weighted average shares - basic and diluted	85,036,957	$ 1.27

Unaudited Consolidated Pro Forma Balance Sheet—September 30, 2006

	AerCap Holdings C.V.		
	At September 30, 2006 Historic	Change of corporate structure/offering Adjustments	At September 30, 2006 Pro Forma
		(US dollars in thousands)	
Assets			
Cash and cash equivalents	$ 215,325	$ —	$ 215,325
Restricted cash	125,065	—	125,065
Flight equipment held for operating leases, net	2,542,119	—	2,542,119
Notes receivable, net of provisions	158,303	—	158,303
Prepayments on flight equipment	129,496	—	129,426
Goodwill	37,225	—	37,225
Intangible assets	30,455	—	30,455
Inventory	85,475	—	85,475
Other assets	227,884	—	227,884
Total assets	**$ 3,551,347**	**$ —**	**$ 3,551,347**
Liabilities and partners' capital/shareholders' equity			
Term debt	2,458,977	(140,000) 1(a)	2,318,977
Other liabilities	520,581	—	520,581
Total liabilities	2,979,558	(140,000)	2,839,558
Minority interest	32,020	—	32,020
Partners' capital/shareholders' equity	384,964	(384,964) 1(b)	—
Shareholders' equity	—	527,691 1(a), (b), (c)	527,691
Retained earnings	154,805	(2,727) 1(d)	152,078
Total partners' capital/shareholders' equity	**539,769**	**140,000**	**679,769**
Total liabilities and partners' capital/shareholders' equity	**$ 3,551,347**	**$ —**	**$ 3,551,347**

1. Unaudited Condensed Consolidated Pro Forma Balance Sheet Adjustments—This Offering

In connection with this offering, we will change our current organizational structure from a Netherlands partnership to a Netherlands public limited liability company through the acquisition by AerCap Holdings N.V. of the assets of AerCap Holdings C.V., including the common stock of AerCap B.V.

The adjustments assume an issuance of ordinary shares at a price of $23.00 per ordinary shares, the mid-point of the price range set forth on the cover of this prospectus, in connection with this offering. The following adjustments give effect to the change in our capitalization and the receipt and application of the proceeds from this offering.

1(a) Adjusted to reflect the application of the net proceeds from the sale of our ordinary shares in this offering to repay $140.0 million of indebtedness incurred in connection with our acquisition of AeroTurbine.

1(b) Adjusted to show the effect of the change in organizational structure following AerCap Holdings N.V.'s acquisition of the assets and liabilities of AerCap Holdings C.V. (reclassification of $385.0 million).

1(c) Adjusted to reflect proceeds of $140.0 million to be received from the sale of ordinary shares by us, net of estimated underwriting discounts and commissions and expenses, at an assumed price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, in connection with this offering and the payment of $2.7 million of expenses to advisors in connection with the offering, which are not capitalizable and are included in shareholders' equity.

1(d) Adjusted to reflect cash paid to advisors in connection with the offering of our shares ($2.7 million), which are recorded as a reduction to our retained earnings.

At an assumed closing date of this offering of November 21, 2006, we would recognize an expense for stock-based non-cash compensation, which would result in a $68.6 million charge to selling, general and administrative expense (retained earnings) and a corresponding increase to additional paid-in capital (shareholders' equity). As this effect is non-recurring, no pro forma adjustment has been made.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read this discussion in conjunction with our audited and unaudited consolidated financial statements and the related notes included in this prospectus. Our financial statements are presented in accordance with generally accepted accounting principles in the United States of America, or US GAAP. The discussion below contains forward looking statements that are based upon our current expectations and are subject to uncertainty and changes of circumstances. See "Risk Factors" and "Special Note About Forward- Looking Statements".

Overview

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We also provide aircraft management services and perform aircraft and engine MRO services and aircraft disassemblies through our certified repair stations. We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of April 2006, we had the fifth largest aircraft leasing portfolio in the world, and the third largest new aircraft order book among operating lessors, according to SH&E, in each case by number of aircraft. As of September 30, 2006, we owned 109 aircraft and 61 engines, managed 110 aircraft, had 79 new aircraft and six new engines on order, had entered into purchase contracts for 17 aircraft with GATX and had executed letters of intent to purchase an additional nine aircraft. In addition, on October 17, 2006, we signed a letter of intent with Airbus to purchase 20 new A330-200 widebody aircraft. As of September 30, 2006, our owned and managed aircraft and engines were leased to 97 commercial airline and cargo operator customers in 47 countries and were managed from our offices in The Netherlands, Ireland and the United States. We expect to expand our leasing activity in Asia and in China in particular through our AerDragon joint venture with China Aviation Supplies Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. From January 1, 2003 to September 30, 2006, we have executed over 950 aircraft and engine transactions, including 245 aircraft leases, 232 engine leases, 101 aircraft purchase or sale transactions, 167 engine purchase or sale transactions and the disassembly of 40 aircraft and 133 engines. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios, and between January 1, 2003 and September 30, 2006, our weighted average owned aircraft utilization rate was 98.8%.

Joint Ventures

We expect to derive an increasing portion of our income from continuing operations before income taxes and minority interests in the future through joint ventures. Entering into joint venture arrangements is an integral part of our business strategy, allowing us to:

- order new aircraft and engines in larger quantities to increase our buying power and economic leverage;
- increase the diversity of our portfolio;
- obtain stable servicing revenues; and
- diversify our exposure to the economic risks related to aircraft and engine purchases.

In December 2005, we established AerVenture. In January 2006, LoadAir, a subsidiary of Al Fawares, an investment and construction company based in Kuwait, purchased a 50% equity interest in AerVenture. We have invested $25.0 million in AerVenture and LoadAir has invested $25.0 million in AerVenture. We have each agreed to make additional equity contributions of up to $90.0 million. The AerVenture joint venture allows us to leverage our buying power and to achieve more favorable aircraft acquisition terms. We have entered into exclusive agreements to provide management and marketing

services to AerVenture in return for fixed fees and incentive fees tied to the profitability of AerVenture. Our management and marketing services agreement may not be terminated by AerVenture until 2014, other than for cause. We have determined AerVenture to be a variable interest entity for which we are the primary beneficiary and, as such, it is consolidated into our accounts. Due to the size of the Airbus aircraft order, we expect AerVenture to become an important growth driver of our business.

In May 2006, we signed a joint venture agreement with China Aviation Supplies Import & Export Group Corporation, or China Aviation, and affiliates of Calyon S.A., or Calyon, establishing AerDragon. AerDragon consists of two companies, Dragon Aviation Leasing Company Limited, based in Beijing with a registered capital of $10.0 million and AerDragon Aviation Partners Limited, based in Ireland with a registered capital of $50.0 million. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. Following receipt of the local Chinese approvals required for it to begin operations, AerDragon commenced operations in October 2006. We will act as the exclusive aircraft manager for the joint venture. This contract may be terminated upon the earlier of either July 1, 2009 or the occurrence of specified events, such as AerDragon developing the expertise required to manage its aircraft. This joint venture enhances our presence in the increasingly important China market and will reinforce our ability to lease, buy and sell our aircraft and engines throughout the entire Asia/Pacific region.

We use the equity method to account for the joint ventures that we do not consolidate.

Factors Affecting our Results

Our results of operations have been affected by a variety of factors, primarily:

- the number, type, age and condition of the aircraft and engines we own;
- aviation industry market conditions;
- the demand for our aircraft and engines and the resulting lease rates we are able to obtain for our aircraft and engines;
- the purchase price we pay for our aircraft and engines;
- the number, types and sale prices of aircraft and engines we sell in a period;
- the ability of our lessee customers to meet their lease obligations and maintain our aircraft and engines in airworthy and marketable condition;
- the utilization rate of our aircraft and engines;
- the recognition of non-cash stock-based compensation expense related to the issuance by our Bermuda Parents of restricted stock and stock options to our employees and our non-executive directors; and
- interest rates which affect our aircraft lease revenues and our interest on term debt expense.

Factors Affecting the Comparability of Our Results

Our Acquisition by Cerberus

On June 30, 2005, AerCap Holdings C.V., a Netherlands partnership owned by Cerberus acquired all of AerCap B.V.'s (formerly known as debis AirFinance B.V.) shares and $1.8 billion of liabilities owed by AerCap B.V. to its prior shareholders. AerCap Holdings C.V. paid total consideration of $1.37 billion for AerCap B.V.; $370 million of the total consideration paid by AerCap Holdings C.V. was funded through equity contributions by Cerberus and $1.0 billion was funded through a term loan. The 2005 Acquisition resulted in a net decrease of $802.0 million of indebtedness on our balance sheet—the difference between the $1.8 billion of intercompany liabilities and the indebtedness incurred to fund the acquisition. In accordance with FAS 141, *Business Combinations*, we allocated the purchase consideration to the assets acquired and liabilities assumed based on their fair values. Since the

purchase consideration of $1.37 billion was less than the $1.9 billion combined carrying value of the liabilities and the equity purchased by Cerberus, the purchase price allocation resulted in lower carrying values for our assets after the 2005 Acquisition. The carrying values of our assets and liabilities influence our results of operations and, accordingly, the net decrease in asset carrying values, which resulted from the 2005 Acquisition, has resulted in improved operating performance when compared to periods prior to the 2005 Acquisition.

The material impacts on our consolidated income statement of the 2005 Acquisition relate to purchase accounting adjustments in our assets which are reflected in lower depreciation expense and lower cost of goods sold due to reduced net book values, and in lower interest on term debt expense due to the elimination of $802.0 million of debt as described in the preceding paragraph. Other than the corresponding effect on income from continuing operations before provision for income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement.

Acquisition of AeroTurbine

On April 26, 2006, we acquired all of the existing share capital of AeroTurbine, Inc. an engine trading and leasing and part sales company. We acquired AeroTurbine to implement our strategy of managing aircraft profitably throughout their lifecycle, to diversify our investment in aviation assets and to obtain a more significant presence in the market for older aircraft equipment. The total payment for the AeroTurbine shares of $146.8 million, including acquisition expenses, was funded through cash from our operations of $73.1 million and $73.7 million of cash raised from a refinancing of AeroTurbine's existing debt. The new financing totaled $175.0 million and included $160.0 million of senior secured debt and a $15.0 million subordinated loan guaranteed by AerCap B.V. In 2005, AeroTurbine generated revenues of $123.8 million and a net loss of $4.6 million on a pro forma basis giving effect to the AeroTurbine Acquisition and related conforming accounting changes as if they had occurred on January 1, 2005, which include the impact of purchase accounting and the effect of AeroTurbine's conversion to a taxable entity.

In accordance with FAS 141, *Business Combinations*, we allocated the purchase price paid to the assets acquired and liabilities assumed based on their fair values. Since the purchase consideration of $146.8 million was greater than the $81.9 million combined carrying value of the assets purchased and liabilities assumed by us, the purchase price allocation resulted in higher carrying values for the AeroTurbine assets as well as $25.6 million of intangible assets. The increase in net book values of assets and intangible assets will be reflected in higher depreciation and amortization expense in future periods than would have occurred without the acquisition. Our financial results for the nine months ended September 30, 2006 include $58.1 million of revenues and a $6.8 million net loss derived from the AeroTurbine results for the period from April 26, 2006 to September 30, 2006. The AeroTurbine net loss for the period from April 26, 2006 to September 30, 2006 includes $6.4 million of compensation net of tax expense relating to share-based compensation incurred as a result of the AeroTurbine acquisition. The share-based compensation expense relates to the vesting of restricted shares of the Bermuda Parents sold by Cerberus to the selling shareholders of AeroTurbine at the date of the AeroTurbine Acquisition. We will no longer record additional share-based compensation expense related to the shares issued in connection with the AeroTurbine Acquisition following the closing of this offering. Assuming a closing date of this offering of November 21, 2006, we would expect to record $64.5 million of share-based compensation expense before tax due to the accelerated vesting of the restricted shares issued in connection with the AeroTurbine Acquisition.

Prior to our acquisition of AeroTurbine, we operated our business as one reportable segment: leasing, financing, sales and management of commercial aircraft. From the date of our acquisition of AeroTurbine, we manage our business and analyze and report our results on the basis of two business segments: leasing, financing, sales and management of commercial aircraft ("Aircraft") and leasing, financing and sales of engines and parts ("Engines and Parts").

Stock Compensation Expenses

Our financial results for the three months ended December 31, 2006 will be affected by non-cash compensation expense we will recognize from the vesting of options and restricted stock previously granted or sold to the owners of AeroTurbine at the time of its acquisition by us and to members of our senior management and one consultant primarily in connection with the 2005 Acquisition. As a result, assuming an initial public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, we expect to recognize approximately $73 million of non-cash compensation expense before tax in the fourth quarter of 2006 and expect to report a net loss for the period. See "—Operating Expenses—Selling, General and Administrative Expenses".

Deconsolidation of AerCo Limited

AerCo is a special purpose public company incorporated in Jersey, Channel Islands that we formed in 1998. AerCo has raised over $1.7 billion of funding through the securitization of a total of 65 aircraft previously owned by us. AerCo is a variable interest entity under FIN 46R, *Consolidation of Variable Interest Entities, an Interpretation of ARB No. 51*. AerCo's results of operations were consolidated in our results of operations until March 31, 2003. In March 2003, we sold a portion of our interests in AerCo in a transaction which qualified as a reconsideration event under FIN 46. We determined that we were no longer the primary beneficiary of AerCo and deconsolidated our investment in AerCo from March 31, 2003. As a result of the deconsolidation, our revenues, aircraft depreciation, and interest on term debt significantly decreased in 2004. In the first three months of 2003, AerCo had revenues of $34.2 million, depreciation expense of $14.5 million and interest on term debt expense of $19.3 million. AerCo's net equity value was negative $36.6 million as of March 31, 2003, which was $72.2 million less than the fair value of our remaining interests in AerCo at the time of the deconsolidation. As a result, we recognized this difference of $72.2 million as other revenue in our 2003 results of operations following the deconsolidation of AerCo. The AerCo deconsolidation was the primary cause of the differences between our 2003 and 2004 results of operations.

Goodwill Impairment

In 2004, we recorded an impairment of all of our existing goodwill of $132.4 million as a result of our annual goodwill impairment test. We calculate our valuation using a discounted cash flow approach that considers all of our existing assets and liabilities as well as our business plans. Based on the factors described below, in 2004 our goodwill impairment analysis resulted in the impairment of all of our then existing goodwill. In years prior to the 2005 Acquisition, our ability to grow and make additional aviation investments was primarily controlled by our prior shareholders who were also our primary source of debt funding. In 2004, we signed a new $1.6 billion facility agreement with our prior shareholders to refinance all of our previous senior debt contracted with them. The new facility agreement included significant constraints on our operations and our ability to make additional investments and required that a substantial amount of internally generated cash from asset sales be used to pre-pay our obligations under the facility agreement. In 2004, our shareholders also indicated that they were not willing to invest additional equity capital in us. We revised our discounted cash flow projection downward in 2004 to reflect these factors. In addition, we were aware that our shareholders were in discussions to sell their stake in us for consideration significantly less than our net equity value. As a result of our analysis, we recorded a $132.4 million impairment to write down all of our then existing goodwill in 2004.

Critical Accounting Policies Applicable to Us

Our Management's Discussion and Analysis of Financial Condition and Results of Operations is based upon our consolidated financial statements, which have been prepared in accordance with US GAAP, and require us to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. The use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, investments, trade and

notes receivable, deferred tax assets and accruals and reserves. Our estimates and assumptions are based on historical experiences and currently available information. We utilize professional appraisers and valuation experts, where possible, to support our estimates, particularly with respect to flight equipment. Despite our best efforts, actual results may differ from our estimates under different conditions, sometimes materially. A summary of our significant accounting policies is presented in Note 2 to our audited consolidated financial statements included elsewhere in this prospectus. Critical accounting policies and estimates are defined as those that are both most important to the portrayal of our financial condition and results of operations and require our most subjective judgments, estimates and assumptions. Our most critical accounting policies and estimates are described below.

Lease Revenue Recognition

We lease flight equipment principally under operating leases and report rental income on a straight-line basis over the life of the lease as it is earned. Virtually all of our lease contracts require payment in advance. Rents collected in advance of when they are earned are recorded as deferred revenue on our balance sheet and recorded as lease revenue as they are earned. Provisions for doubtful notes and accounts receivables are recorded in the income statement when rentals become past-due and the rentals exceed security deposits held, except where it is anticipated that the lease will end in repossession and then provisions are made regardless of the level of security deposits. Our management monitors the status of customers and the collectability of their receivables based on factors such as the customer's credit worthiness, payment performance, financial condition and requests for modifications of lease terms and conditions. Customers for whom collectability is not reasonably assured are placed on non-accrual status and revenue is recorded on a cash basis. When our management deems the collectability to be reasonably assured, based on the above factors, the customer is removed from non-accrual status and revenue is recognized on an accrual basis. As described below, revenue from supplemental maintenance rent is recognized when we are no longer legally obligated to refund such rent to our customer, which normally coincides with lease termination or where the terms of the lease allow us to control the occurrence, timing or amount of such reimbursement.

Depreciation and Amortization

Flight equipment held for operating leases, including aircraft, is recorded on our balance sheet at cost less accumulated depreciation and impairment. Aircraft are depreciated over the assets' useful life, which is 25 years from the date of manufacture for substantially all of our aircraft, using the straight-line method to estimated residual values. Estimated residual values are generally determined to be approximately 15% of the manufacturer's price.

We depreciate current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. We estimate residual values of current production model engines based on observed current market prices and management expectations of value trends. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from five to seven years to an estimated residual value. The carrying value of flight equipment that we designate for disassembly is transferred to our inventory pool and is held for sale at the time of such designation. We discontinue the depreciation of our flight equipment when it is held as inventory. Differences between our estimates of useful lives and residual values and actual experience may result in future impairments of aircraft or engines and/or additional gains or losses upon disposal. We review residual values of aircraft and engines periodically based on our knowledge of current residual values and residual value trends to determine if they are appropriate and record adjustments as necessary.

Intangibles related to customer relationships are amortized over ten years, which is the length of time that we expect to benefit from existing customer relationships. The amortization in each year is based on the anticipated sales in each year which benefit from such relationships. Our FAA certificate is amortized straight-line over 15 years, the remaining estimated useful life of the engine type to which

the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

Inventory

Inventory, which consists exclusively of finished goods, is valued at the lower of cost or market. Cost is primarily determined using the specific identification method for individual part purchases and whole engines and on an allocated basis for dismantled engines, aircraft, and bulk inventory purchases using the relationship of the cost of the dismantled engine, aircraft or bulk inventory purchase to estimated remaining sales value at the time of purchase. We evaluate the carrying value of inventory on a regular basis in order to account for any permanent impairment in values. We estimate market value for this purpose based on internal estimates of sales values and recent sales activity of similar inventory.

Impairments

In accordance with FAS 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , our flight equipment held for operating lease and definite lived intangible assets are evaluated for impairment when events and circumstances indicate that the carrying amounts of those assets may not be recoverable. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value. Fair value reflects the present value of cash expected to be received from the asset in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar assets, appraisal data and industry trends. Residual value assumptions generally reflect an asset's booked residual, except where more recent industry information indicates a different value is appropriate.

In accordance with FAS 142, *Goodwill and Other Intangible Assets,* we evaluate any goodwill and indefinite-lived intangible assets for impairment at the reporting unit level each year or upon the occurrence of events or circumstances that indicate that the asset may be impaired. We determine the fair value of our reporting unit through a discounted cash flow approach. In addition to the fair valuation of our individual assets and liabilities, we also estimate the discounted value of future operations. The estimated results of future operations consider current contractual rights we have to sources of future revenue, contracts under letter of intent and our current business plans. The discount rates we use to determine the fair value of our reporting unit are based on prevailing interest rates adjusted to account for our financial strength and the financial strength of our debtors/lessees. When our discounted cash flow suggests that the fair value of our reporting unit is less than our net equity, we determine the amount of implied goodwill by allocating the fair value of the reporting unit to our assets and liabilities as we would in purchase accounting and adjust our goodwill to its implied value through an impairment entry. If we fail to meet our forecasted future cash flows or if weak economic conditions prevail in our primary markets, the estimated fair values of our reporting unit may be adversely affected, resulting in impairment charges.

Allocation of Purchase Price to Acquired Assets

We account for business combinations in accordance with FAS 141, *Business Combinations.* We apply the purchase price of all acquisitions to the fair value of acquired assets and liabilities, including identifiable intangible assets and liabilities. To determine fair value, we utilize a combination of third-

party appraisers, our own recent experience in the market place and discounted cash flow analyses. Our discounted cash flow analyses require us to make estimates and assumptions of the future use of these assets and their impact on our financial position. We apply a discount rate to each different asset or liability based on prevailing interest rates and the underlying credit of the obligor.

Accrued Maintenance Liability

In many operating lease and finance lease contracts, the lessee has the obligation to make a periodic payment of supplemental maintenance rent which is calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In most of these contracts, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft or engine, we reimburse the lessee for the maintenance costs incurred, up to the maximum of the supplemental maintenance rental payments made with respect to the lease contract. In all contracts without supplemental maintenance rent obligations, to the extent that the aircraft or engine is redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. In addition, in both types of contracts, we may be obligated to contribute to the cost of specified maintenance events expected to occur during the term of the lease (lessor contributions) which result from utilization of the aircraft or engine prior to the subject lease.

Our accounting for supplemental rents paid by the lessee during the term of a lease depends upon whether we can control the occurrence, timing or amount of any reimbursement of supplemental rents during the lease. In longer-term lease contracts (primarily aircraft lease contracts) where we are not able to control the occurrence, timing or associated cost of qualifying maintenance work, we record supplemental rent paid by the lessee as accrued maintenance liability in recognition of our contractual commitment to refund such receipts. In these contracts, we do not recognize such supplemental rent as revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance liability. At the end of a lease, any amounts of undisbursed supplemental rents received from lessees are released from accrued maintenance liability as lease revenue. Separately, our obligation to make lessor contribution payments is estimated at the inception of the lease and recorded as accrued maintenance liability through a charge to leasing expenses. Our payments of lessor contributions during the term of a lease are charged against the relevant accrual. At the end of the lease, any undisbursed amounts of lessor contributions are released from the accrued maintenance liability as a credit to leasing expenses. Any amounts received as part of an end-of-lease adjustment are recorded as lease revenue and any amounts paid are recorded as leasing expenses.

In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow us to control the occurrence, timing and associated cost of qualifying maintenance work on the flight equipment, supplemental rents collected during the lease are recognized as lease revenue. For flight equipment subject to these shorter-term contracts, we record a charge to leasing expenses at the time maintenance work is performed on the flight equipment.

Consolidation

We consolidate all companies in which we have direct or indirect legal or effective control and all variable interest entities for which we are deemed the primary beneficiary under FIN 46R. Consolidated entities include certain joint ventures such as our AerVenture and Bella Aircraft Leasing I Limited, or Bella and our Aircraft Lease Securitisation securitization vehicle. The determination of which entities are variable interest entities and of which variable interest entities we are the primary beneficiary involves the use of significant estimates, including whether the entity has sufficient equity to finance its activities without additional subordinated financial support and the expected cash flows to the entity and distributions of those cash flows in the future. We estimate expected cash flows based on the variable interest entities' contractual rights and obligations as well as reasonable expectations for future business developments. We then adjust these cash flow estimates to

simulate possible changes in economic trends which could impact the variable interest entity to determine which entity will absorb a majority of the variability in order to determine if we are the primary beneficiary of the variable interest entity.

Deferred Income Taxes

We provide for income taxes according to FAS 109, *Accounting for Income Taxes*. We have significant tax loss carryforwards in certain of our subsidiaries. We evaluate valuation allowances for tax losses at the individual company level or consolidated tax group level in accordance with the tax law in the specific jurisdiction. We evaluate the potential for recovery of our tax losses by estimating the future taxable profits expected from each subsidiary and considering prudent and feasible tax planning strategies. In estimating future taxable profits, we consider all current contracts and assets of the business, as well as a reasonable estimation of future taxable profits achievable by us. If we are not able to achieve the level of projected taxable profits used in our assessment, and no tax planning strategies are available to us, an additional valuation allowance may be required against our tax assets with a corresponding charge to our income statement in the future.

Financial Period Convention

We were formed on June 27, 2005; however, we did not commence operations until June 30, 2005, when we acquired all of the shares and certain of the liabilities of AerCap B.V. Our initial accounting period is from June 27, 2005 to December 31, 2005 but we generated no material revenue or expense between June 27, 2005 and June 30, 2005, and did not have any material assets before the 2005 Acquisition. For convenience of presentation only, we have labeled our initial accounting period in table headings in this prospectus as the six months ended December 31, 2005. In addition, for presentation purposes in this Management's Discussion and Analysis of Financial Condition and Results of Operations, we have combined the six months ended June 30, 2005 of AerCap B.V., our predecessor, with our initial accounting period into a 12 month period ended December 31, 2005. The financial information presented for this combined period reflects the addition, with no adjustments, of the results of AerCap B.V. for the six months ended June 30, 2005 and for our initial accounting period ended December 31, 2005. The combined period information is included as a combined presentation since it is the way our management analyzes our business results. This combined presentation, however, is not in accordance with US GAAP and should be considered as supplemental information only.

Revenues

Our revenues consist primarily of lease revenue from aircraft and engine leases, sales revenue, management fee revenue and interest revenue.

Lease Revenue.

Nearly all of our aircraft and engine lease agreements provide for the payment of a fixed, periodic amount of rent or a floating, periodic amount of rent tied to interest rates during the term of the lease. In limited circumstances, our leases may require a basic rental payment based partially or exclusively on the amount of usage during a period. In addition, many of our leases require the payment of supplemental maintenance rent based on aircraft or engine utilization and lease term, or an end-of-lease compensation amount calculated with reference to the technical condition of the aircraft or engine at lease expiration. The amount of lease revenue we recognize is primarily influenced by five factors:

- the contracted lease rate, which is highly dependent on the age, condition and type of the leased equipment;
- for leases with rates tied to floating interest rates, interest rates during the term of the lease;

- the number, type, condition and age of flight equipment subject to lease contracts;
- the lessee's performance of their lease obligations; and
- the amount of supplemental maintenance rent including receipt of end-of-lease compensation adjustments we receive in excess of amounts we are required to reimburse to lessees during the lease term and any reductions we make to our accrued maintenance liability based on estimates of our contractual obligations in our current lease contracts.

In addition to aircraft or engine specific factors such as the type, condition and age of the asset, the lease rates for our leases with fixed rental payments are determined in part by reference to the prevailing interest rate for a debt instrument with a term similar to the lease term and with a similar credit quality as the lessee at the time we enter into the lease. Many of the factors described in the bullet points above are influenced by global and regional economic trends, airline market conditions, the supply/demand balance for the type of flight equipment we own and our ability to remarket flight equipment subject to expiring lease contracts under favorable economic terms.

We operate our business on a global basis. As of September 30, 2006, we had 99 aircraft on lease (excluding the eight aircraft that we intend to disassemble or sell at the end of their leases) to 49 customers in 34 countries, with no lessee accounting for more than 7.1% of lease revenue for the nine months ended September 30, 2006. The following table shows the regional profile of our lease revenue for the periods indicated:

	AerCap Holdings B.V.			AerCap Holdings C.V.		
	Year ended December 31,					
	2003	2004	Six months ended June 30, 2005	Three months ended September 30, 2005	Six months ended December 31, 2005	Nine months ended September 30, 2006
Asia/Pacific	34%	35%	43%	44%	44%	43%
Europe	33	36	33	33	33	34
North America/Caribbean	18	21	18	19	18	17
Latin America	12	7	6	4	5	6
Africa/Middle East	3	1	—	—	—	—
Total	**100%**	**100%**	**100%**	**100%**	**100%**	**100%**

The geographical concentration of our customer base has varied historically, reflecting the opportunities available in particular markets at a given time. The current recent concentration in the Asia/Pacific region reflects high growth in demand for air travel in this developing market.

Sales Revenue.

Our sales revenue is generated from the sale of our aircraft, engines, and inventory. The price we receive for our aircraft, engines and inventory is largely dependent on the condition of the asset being sold, prevailing interest rates, airline market conditions and the supply/demand balance for the type of asset we are selling. The timing of the closing of aircraft and engine sales is often uncertain, as a sale may be concluded swiftly or negotiations may extend over several weeks or months. As a result, even if sales are comparable over a long period of time, during any particular fiscal quarter or other reporting period we may close significantly more or fewer sale transactions than in other reporting periods. Accordingly, sales revenue recorded in one fiscal quarter or other reporting period may not be comparable to sales revenue in other periods.

Management Fee Revenue.

We generate management fee revenue through a variety of management services that we provide to non-consolidated aircraft securitization vehicles and joint ventures and third-party owners of aircraft. Our management services include leasing and remarketing services, cash management and treasury services, technical advisory services and accounting and administrative services. We currently generate almost three-quarters of our management fee income from services we provide to two securitization

vehicles, Airplanes Group and AerCo. Since Aircraft Lease Securitisation's results are consolidated in our financial statements, we do not generate any accounting revenue from the services we provide to it.

Interest Revenue.

Our interest revenue is derived primarily from deposit interest on unrestricted and restricted cash balances and interest recognized on financial instruments we hold, such as notes issued by lessees in connection with lease restructurings and subordinated debt investments in unconsolidated securitization vehicles or affiliates. The amount of interest revenue we recognize in any period is influenced by the amount of free or restricted cash balances, the principal balance of financial instruments we hold, contracted or effective interest rates, and movements in provisions for financial instruments which can affect adjustments to valuations or provisions.

Other Revenue.

Our other revenue includes net gains or losses we generate from the sale of aircraft-related investments, such as our subordinated interests in securitization vehicles and notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings. The amount of other revenue recognized in any period is influenced by the number of saleable financial instruments we hold, the credit profile of the obligor and the demand for such investments in the market at the time. Since there is limited or no market liquidity for some of the securities we receive in connection with lease restructurings, making the securities difficult to value, and because many of the issuers of the securities are in a distressed financial condition, we may experience volatility in our revenues when we sell our aircraft-related investments due to significant changes in their value.

Operating Expenses

Our primary operating expenses consist of depreciation and amortization, interest on term debt, other operating expenses and selling, general and administrative expenses.

Depreciation and Amortization.

We depreciate our aircraft on a straight-line basis over the asset's useful life, which is 25 years from the date of manufacture for substantially all or our aircraft, to an estimated residual value. We depreciate current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from five to seven years to an estimated residual value. Our depreciation expense is influenced by the adjusted gross book values of our flight equipment, the depreciable life of the flight equipment and the estimated residual value of the flight equipment. Adjusted gross book value is the original cost of our flight equipment, including purchase expenses, adjusted for subsequent capitalized improvements, impairments, and accounting basis adjustments associated with business combinations.

Cost of Goods Sold.

Our cost of goods sold consists of the net book value of flight equipment, including inventory, sold to third parties at the time of the sale.

Interest on Term Debt.

Our interest on term debt expense arises from a variety of funding structures and related derivative instruments as described in "Indebtedness". Interest on term debt expense in any period is primarily affected by contracted interest rates, principal amounts of indebtedness, including notional values of derivative instruments and unrealized mark-to-market gains or losses on derivative instruments.

Other Operating Expenses.

Our other operating expenses consist primarily of operating lease-in costs, leasing expenses, provision for doubtful notes and accounts receivable and restructuring expenses.

Our operating lease-in costs relate to our lease obligations for aircraft we lease from financial investors and sublease to aircraft operators. We entered into all of our lease-in transactions between 1988 and 1992 and these leases expire between 2008 and 2012. As described in Note 15 to our consolidated financial statements included in this prospectus, we have established an onerous contract accrual equal to the difference between the present value of our lease expenses and the sublease revenue we receive, discounted at appropriate discount rates. The amount of this liability amortizes monthly as a reduction of operating lease-in costs on a constant yield basis as we meet our obligations to the aircrafts' legal owners under the applicable leases.

Our leasing expenses consist primarily of maintenance expenses on our flight equipment, which we incur when our flight equipment is off-lease, technical expenses we incur to monitor the maintenance condition of our flight equipment during a lease, end-of-lease payments and to transition flight equipment from an expired lease to a new lease contract and non-capitalizable flight equipment transaction expenses. In addition, we recognize leasing expenses when we contractually agree to contribute our own funds to maintenance events during a lease or increase our accrued maintenance liability based on estimates of our contractual obligations in current lease contracts.

Our provision for doubtful notes and accounts receivable consists primarily of provisions we establish to reduce the carrying value of our notes and accounts receivables to estimated collectible levels.

Our restructuring expenses relate to legal and professional fees, as well as refinancing fees incurred in 2003 in a restructuring of our principal bank debt as described in Note 26 to our audited consolidated financial statements included in this prospectus.

The primary factors affecting our other operating expenses are:

- lessee defaults, which may result in additional provisions for doubtful notes and accounts receivable, material expenses to repossess flight equipment and restore it to an airworthy and marketable condition, unanticipated lease transition costs, and an increase to our onerous contract accrual, and

- the frequency of lease transitions and the associated costs.

Selling, General and Administrative Expenses.

Our principal selling, general and administrative expenses consist of personnel expenses, including salaries and benefits, professional and advisory costs and office and travel expenses as summarized in Note 25 to our audited consolidated financial statements included in this prospectus. The level of our selling, general and administrative expenses is influenced primarily by our number of employees and the extent of transactions or ventures we pursue which require the assistance of outside professionals or advisors. Our selling, general and administrative expenses also include the mark-to-market gains and losses for our foreign exchange rate hedges related to our euro denominated selling, general and administrative expenses. Assuming a public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the cover of this prospectus, and a closing date of November 21, 2006, on the closing date of this offering, we expect to recognize $68.6 million in non-cash compensation expenses consisting of (i) $3.2 million from the vesting of options and restricted stock previously granted to members of our senior management, and one consultant, primarily in connection with the 2005 Acquisition, (ii) $64.5 million from the vesting of restricted stock sold at a discount to the two executives/shareholders of AeroTurbine in connection with the AeroTurbine Acquisition, and (iii) $0.9 million from the vesting of options granted to our new Chief Financial Officer, in connection with his hiring, and to two other executive officers, which will increase our selling, general and administrative expenses in the fourth quarter of 2006. In addition to the expected $68.6 million non-

cash compensation expense we will incur on the closing date of this offering, we will incur additional compensation expense in the fourth quarter and in the periods after the closing date of this offering tied to the remaining restricted stock and stock options, which are not fully vested or subject to selling restrictions, and any future stock option grants.

Provisions for Income Taxes

Our operations are taxable primarily in three main jurisdictions in which we manage our business: The Netherlands, Ireland and the United States. Deferred income taxes are provided to reflect the impact of temporary differences between our US GAAP income from continuing operations before income taxes and minority interests and our taxable income. Our effective tax rate has varied significantly year to year from 2003 to 2005. The primary source of temporary differences is the availability of accelerated tax depreciation in our primary operating jurisdictions. As a result of the temporary differences, we have not incurred any material net income tax liability since our inception. Our effective tax rate in any year depends on the tax rates in the jurisdictions from which our income is derived along with the extent of permanent differences between US GAAP income from continuing operations before income taxes and minority interests and taxable income.

We have substantial tax losses which can be carried forward, which we recognize as tax assets. We evaluate the recoverability of tax assets in each jurisdiction in each period based upon our estimates of future taxable income in those jurisdictions. If we determine that we are not likely to generate sufficient taxable income in a jurisdiction prior to expiration, if any, of the availability of tax losses, we establish a valuation allowance against the tax loss to reduce it to its recoverable value. We evaluate the appropriate level of valuation allowances annually and make adjustments as necessary. Increases or decreases to valuation allowances can affect our provision for income taxes on our consolidated income statement and consequently may affect our effective tax rate in a given year.

Recent Developments

In August 2006, we entered into agreements with GATX to purchase 22 used aircraft consisting of one A319 aircraft, 13 A320 aircraft, four Boeing 737 aircraft and four Boeing 757 aircraft for $275.0 million. Five of the 22 aircraft had been delivered as of September 30, 2006 and we expect the remaining 17 aircraft to be delivered before February 2007. In addition, in July 2006, we entered into a letter of intent with GATX to purchase five additional A320 aircraft. In October 2006, we entered into a senior secured loan facility with a syndicate of banks led by affiliates of Calyon to finance the purchase of 25 of the 27 GATX aircraft. The purchase of the remaining two aircraft are being financed through our existing lines of credit.

On October 17, 2006, we signed a letter of intent to acquire 20 new A330-200 widebody aircraft from Airbus. Our board of directors has approved the purchase and the letter of intent anticipates that, subject to limited exceptions, we and Airbus agree upon final purchase documentation by November 30, 2006. We paid a $10.0 million non-refundable deposit to Airbus in connection with the letter of intent. On the basis of base value appraisals cited to us by an aircraft valuation consultant, we believe the approximate current appraised base value for a single A330-200 aircraft manufactured in 2006 is approximately $95 million. The aircraft covered by the letter of intent would be manufactured at a later date. However, in the event we enter into definite purchase documentation, we expect the per aircraft purchase price for our 20 aircraft order will be at a discount to this amount. Although we expect to be able to negotiate final purchase documentation with Airbus, we may not be able to do so and therefore the purchase of the A330-200 aircraft may not in fact occur and we would lose our $10.0 million deposit. In the event we enter into final purchase documentation with respect to the A330-200 aircraft, we would have significantly increased financial commitments. We would expect to meet such commitments through a combination of our current cash and cash equivalent balances, cash flows from operations, existing committed financings and additional financings that we would need to secure in the future.

Results of Operations

Results of Operations for the Nine Months Ended September 30, 2006 Compared to the Nine Months Ended September 30, 2005

Our results of operations for the nine months period ended September 30, 2005 represent an aggregation of the results of operations for AerCap B.V. from January 1, 2005 to June 30, 2005 when it was owned by our prior shareholders and the results of operations for AerCap Holdings C.V. from June 27, 2005 (inception) to September 30, 2005 following the 2005 Acquisition on June 30, 2005. These results have been aggregated to provide investors with information related to our operating results for the nine months ended September 30, 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our results of operations in 2005 with the nine months ended September 30, 2006. Results of operations for AerCap Holdings C.V. after the 2005 Acquisition include the effects of purchase accounting related to the 2005 Acquisition and, therefore, are not directly comparable to the results of operation for AerCap B.V. in prior periods. The material impacts on our consolidated income statement of the 2005 Acquisition are reflected in lower depreciation expense due to reduced net book values, which resulted in a $10.4 million decrease in depreciation expense in the nine months ended September 30, 2005, and in lower interest on term debt expense due to the elimination of certain debt, which resulted in a $6.5 million decrease in interest on term debt expense in the nine months ended September 30, 2005. Other than the corresponding effect on income from continuing operations before provision for income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement. We have included a reconciliation of our nine months ended September 30, 2005 aggregate period results to our consolidated income statements prepared in accordance with US GAAP in the table below:

Results of Operations

	AerCap B.V.	AerCap Holdings C.V.	Aggregate non-GAAP
	Six months ended June 30, 2005 (restated)	Three months ended September 30, 2005	Nine months ended September 30, 2005
		(US dollars in millions)	
Revenues			
Lease revenue	$ 175.3	$ 81.3	$ 256.6
Sales revenue	79.6	—	79.6
Management fee revenue	6.5	4.0	10.5
Interest revenue	13.1	10.5	23.6
Other revenue	3.5	0.2	3.7
Total revenues	**278.0**	**96.0**	**374.0**
Expenses			
Depreciation and amortization	66.4	22.5	88.9
Cost of goods sold	57.6	—	57.6
Interest on term debt	69.8	24.9	94.7
Operating lease in costs	13.9	6.5	20.4
Leasing expenses	9.7	4.4	14.1
Provision for doubtful notes and accounts receivable	3.2	(0.2)	3.0
Selling, general and administrative expenses	19.6	10.9	30.5
Total expenses	**240.2**	**69.0**	**309.2**
Income from continuing operations before income taxes	**37.8**	**27.0**	**64.8**
Provision for income taxes	(4.1)	(4.1)	(8.2)
Net income	**$ 33.7**	**$ 22.9**	**$ 56.6**

The aggregation of the results of operations data for the nine months ended September 30, 2005 is not in accordance with US GAAP. Since AerCap Holdings C.V is a different reporting entity for accounting purposes from AerCap B.V., the aggregated information should be considered as supplemental information only. The financial information presented for this combined period reflects the addition, with no adjustments, of the results of AerCap B.V. for the six months ended June 30, 2005 and the results of AerCap Holdings C.V. for the three months ended September 30, 2005.

	Aggregate non-GAAP	AerCap Holdings C.V.
	Nine months ended September 30, 2005	Nine months ended September 30, 2006
	(US dollars in millions)	
Revenues		
Lease revenue	$ 256.6	$ 311.1
Sales revenue	79.6	236.7
Management fee revenue	10.5	10.4
Interest revenue	23.6	26.7
Other revenue	3.7	18.0
Total revenues	**374.0**	**602.9**
Expenses		
Depreciation and amortization	88.9	72.4
Cost of goods sold	57.6	183.3
Interest on term debt	94.7	111.4
Operating lease in costs	20.4	18.9
Leasing expenses	14.1	26.6
Provision for doubtful notes and accounts receivable	3.0	(0.8)
Selling, general and administrative expenses	30.5	66.6
Total expenses	**309.2**	**478.4**
Income from continuing operations before income taxes and minority interest	**64.8**	**124.5**
Provision for income taxes	(8.2)	(20.1)
Minority interest net of taxes	—	0.7
Net income	**$ 56.6**	**$ 105.1**

Revenues. Our total revenues increased by $228.9 million, or 61.2%, to $602.9 million in the nine months ended September 30, 2006 from $374.0 million in the nine months ended September 30, 2005. In the nine months ended September 30, 2006, we generated $545.0 million in our aircraft segment and $58.2 million in our engine and parts segment, and, in the nine months ended September 30, 2005, we generated $374.0 million in our aircraft segment and no revenue in our engine and parts segment since we had not yet acquired AeroTurbine. The principle categories of our revenue and their variances were:

	Nine months ended September 30, 2005 (restated)	Nine months ended September 30, 2006	Increase/ (decrease)	Percentage difference
		(US dollars in millions)		
Lease revenue	$ 256.6	$ 311.1	$ 54.5	21.2%
Sales revenue	79.6	236.7	157.1	197.4%
Management fee revenue	10.5	10.4	(0.1)	(1.0)%
Interest revenue	23.6	26.7	3.1	13.1%
Other revenue	3.7	18.0	14.3	386.5%
Total	**$ 374.0**	**$ 602.9**	**$ 228.9**	**61.2%**

The increase in lease revenue was attributable primarily to:

- the acquisition of AeroTurbine on April 26, 2006, which resulted in a $18.8 million increase in lease revenue in the nine months ended September 30, 2006;

- the acquisition between January 1, 2005 and September 30, 2006 of 19 aircraft with an aggregate net book value of $650.0 million at the date of acquisition, partially offset by the sale of 36 primarily older Fokker aircraft during such period, with an aggregate net book value of $210.9 million at the date of sale, which resulted in a $14.8 million increase in lease revenue;

- an increase in payments from leases with lease rates tied to floating interest rates in the nine months ended September 30, 2006 due to increases in market interest rates, which resulted in a $13.0 million increase in lease revenue; and

- an increase of $7.9 million in maintenance reserves revenue in the nine months ended September 30, 2006 from $13.3 million in the nine months ended September 30, 2005 to $21.2 million in the nine months ended September 30, 2006. Maintenance revenues in the two six-month periods ended June 30, 2005 and 2006 were comparable. In the three months ended September 30, 2006, we recognized $7.7 million of such revenue from lease terminations on two aircraft against no revenue from lease terminations in the three months ended September 30, 2005.

The increase in sales revenue was attributable primarily to:

- an increase in average sales price to $13.2 million (15 aircraft) in the nine months ended September 30, 2006 from $4.2 million (19 aircraft) in the nine months ended September 30, 2005. The increase of the average sales price is mainly a result of the mix of aircraft types sold and increased demand for the sold aircraft. In the nine months ended September 30, 2006, we sold four A320 aircraft where in the prior period we primarily sold older Fokker aircraft and we only sold one A320 aircraft; and

- the acquisition of AeroTurbine on April 26, 2006. In the period from April 26, 2006 to September 30, 2006, AeroTurbine generated $39.1 million of sales revenue.

Management fee revenue did not materially change in the nine months ended September 30, 2006 compared to the nine months ended September 30, 2005.

The increase in interest revenue was due to an increase in our average cash and cash equivalents and restricted cash balances to $360.0 million in the nine months ended September 30, 2006 compared to $299.4 million in the nine months ended September 30, 2005, and an increase in the average interest rates to 4.1% in the nine months ended September 30, 2006 from 1.9% in the nine months ended September 30, 2005 on those balances.

The increase in other revenue was due to the increase in revenue from the sale of financial assets in the nine months ended September 30, 2006 compared to the nine months ended September 30, 2005. In the nine months ended September 30, 2005, we sold our AerCo Series D Note for a gain of $4.6 million which was partially offset by our sale of notes secured by two aircraft for a loss of $1.4 million. In the nine months ended September 30, 2006, we sold three unsecured notes for a gain of $15.3 million, received $2.1 million from an investment in liquidation and sold notes secured by eight aircraft for a gain of $0.6 million.

Depreciation and Amortization. Depreciation and amortization decreased by $16.5 million, or 18.6%, to $72.4 million in the nine months ended September 30, 2006 from $88.9 million in the nine months ended September 30, 2005 due primarily to the reduction of our asset values in connection with the 2005 Acquisition. The decrease was partially offset by the acquisition of 14 new aircraft between September 30, 2005 and September 30, 2006 with a book value at the time of the acquisition of $441.6 million and the increased depreciation and amortization resulting from the AeroTurbine Acquisition.

Cost of Goods Sold. Cost of goods sold increased by $125.7 million, or 218.2%, to $183.3 million in the nine months ended September 30, 2006 from $57.6 million in the nine months ended September 30, 2005 due primarily to:

- an increase in average cost of goods sold for each aircraft. The average cost of goods sold for each aircraft increased to $10.0 million in the nine months ended September 30, 2006 from $3.0 million in the nine months ended September 30, 2005. The increase of the average cost of goods sold is a result of the mix of aircraft types sold;

- the acquisition of AeroTurbine on April 26, 2006, which resulted in a $33.9 million increase in cost of goods sold.

Interest on Term Debt. Our interest on term debt increased by $16.7 million, or 17.6%, to $111.4 million in the nine months ended September 30, 2006 from $94.7 million in the nine months ended September 30, 2005. The increase in interest on term debt was principally caused by:

- an increase in the average interest rate on our term debt in the nine months ended September 30, 2006 to 6.7% from 6.4% in the nine months ended September 30, 2005 due to the increase in market interest rates and the fact that we refinanced low interest rate indebtedness owed to our prior shareholder with higher interest rate debt with a longer maturity;

- a $12.0 million decrease in the recognition of mark-to-market gains on derivatives to $8.4 million in the nine months ended September 30, 2006 from $20.4 million in the nine months ended September 30, 2005;

- the acquisition of AeroTurbine on April 26, 2006, which resulted in a $8.1 million increase in interest on term debt.

partially offset by:

- a $119.4 million decrease in our average outstanding indebtedness balance, which was $2,287.6 million in the nine months ended September 30, 2006 compared to $2,407.0 million in the nine months ended September 30, 2005. Our average outstanding indebtedness declined due to the 2005 Acquisition and was partially offset by the incurrence of $324.9 million of indebtedness to purchase new aircraft, $215.9 million indebtedness in connection with the AeroTurbine acquisition and indebtedness incurred by AeroTurbine to purchase engines and parts.

Other Operating Expenses. Our other operating expenses increased by $7.2 million, or 19.2%, to $44.7 million in the nine months ended September 30, 2006 from $37.5 million in the nine months ended September 30, 2005. The principal categories of our other operating expenses and their variances were as follows:

	Nine months ended September 30, 2005	Nine months ended September 30, 2006	Increase/ (decrease)	Percentage difference
		(US$ in millions)		
Operating lease in costs	$ 20.4	$ 18.9	$ (1.5)	(7.4)%
Leasing expenses	14.1	26.6	12.5	88.7%
Provision for doubtful notes and accounts receivable	3.0	(0.8)	(3.8)	(126.7)%
Total	**$ 37.5**	**$ 44.7**	**$ 7.2**	**19.2%**

Our leasing expenses increased in the nine months ended September 30, 2006 primarily because of an increase of $14.2 million in the recognition of accrued maintenance liability for lease transitions primarily on six aircraft. We recorded $10.2 million of expenses for four of these six aircraft related to maintenance contributions we agreed to make on new leases. On the same four aircraft we recorded

$13.3 million of supplemental maintenance rent income, which is recorded as lease revenue, from payments to us by the prior lessees of the aircraft.

Our provision for doubtful notes and accounts receivable was lower in the nine months ended September 30, 2006 when compared to the nine months ended September 30, 2005 due to the decrease in lessee defaults in the nine months ended September 30, 2006 and the collection of $2.4 million of receivables for which we had previously recorded a reserve.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $36.1 million, or 118.4%, to $66.6 million in the nine months ended September 30, 2006 from $30.5 million in the nine months ended September 30, 2005, due primarily to (i) the acquisition of AeroTurbine on April 26, 2006, which resulted in a $23.2 million increase in selling, general and administrative expenses, including a $10.5 million stock compensation charge, (ii) start-up costs for our two consolidated joint ventures, AerVenture and Bella, which totaled $3.8 million, (iii) stock compensation expenses of $4.5 million related to the issuance of options to purchase stock in the companies which indirectly own us to our non-executive directors and (iv) expenses of $4.2 million incurred up to September 30, 2006 in connection with our public offering.

Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests increased by $59.7 million, or 92.1%, to $124.5 million in the nine months ended September 30, 2006 from $64.8 million in the nine months ended September 30, 2005.

Provision for Income Taxes. Our provision for income taxes increased by $11.9 million to $20.1 million in the nine months ended September 30, 2006 from $8.2 million in the nine months ended September 30, 2005 primarily due to our increased income from continuing operations before income taxes and minority interests.

Net Income. For the reasons explained above, our net income increased by $48.5 million, or 85.7%, to $105.1 million in the nine months ended September 30, 2006 from $56.6 million in the nine months ended September 30, 2005.

Results of Operations for 2005 Compared to 2004

Our results of operations for the year ended December 31, 2005 represent an aggregation of the results of operations for AerCap B.V. from January 1, 2005 to June 30, 2005 when it was owned by our prior shareholders and the results of operations for AerCap Holdings C.V. from June 27, 2005 (inception) to December 31, 2005 following the 2005 Acquisition on June 30, 2005. These results have been aggregated to provide investors with information related to our operating results for the full year of 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our results of operations in 2005 with prior periods. Results of operations for AerCap Holdings C.V. after the 2005 Acquisition include the effects of purchase accounting related to the 2005 Acquisition and, therefore, are not directly comparable to the results of operation for AerCap B.V. in the prior periods. The material impacts on our consolidated income statement of the 2005 Acquisition are reflected in lower depreciation expense due to reduced net book values, which resulted in a $20.9 million decrease in depreciation expense in 2005, and in lower interest on term debt expense due to the elimination of certain debt, which resulted in a $19.6 million decrease in interest on term debt expense in 2005. Other than the corresponding effect on income from continuing operations before income taxes and net income, the 2005 Acquisition did not materially impact any of the other line items in our consolidated income statement. We have included a reconciliation of our 2005 aggregate

period results to our consolidated income statements prepared in accordance with US GAAP in the table below:

Results of Operations

	AerCap B.V.	AerCap Holdings C.V.	Aggregate non-GAAP
	Six months ended June 30, 2005 (restated)	Six months ended December 31, 2005 (restated)	Year ended December 31, 2005
		(US dollars in millions)	
Lease revenue	$ 175.3	$ 173.6	$ 348.9
Sales revenues	79.6	12.5	92.1
Management fee revenue	6.5	7.7	14.2
Interest revenue	13.1	20.3	33.4
Other revenue	3.5	1.0	4.5
Total revenue	**278.0**	**215.1**	**493.1**
Depreciation and amortization	66.4	46.0	112.4
Cost of goods sold	57.6	10.6	68.2
Interest on term debt	69.9	44.7	114.6
Operating lease-in costs	13.9	11.4	25.3
Leasing expenses	9.7	12.2	21.9
Provisions for doubtful notes and accounts receivable	3.2	3.0	6.2
Selling, general and administrative expenses	19.5	26.9	46.4
Total expenses	**240.2**	**154.8**	**395.0**
Income from continuing operations before income taxes	**37.8**	**60.3**	**98.1**
Provisions for income taxes	(4.1)	(10.6)	(14.7)
Net income	**$ 33.7**	**$ 49.7**	**$ 83.4**

The aggregation of the results of operations data for 2005 is not in accordance with US GAAP. Since AerCap Holdings C.V is a different reporting entity for accounting purposes from AerCap B.V., the aggregated information should be considered as supplemental information only. The financial information presented for this combined period reflects the addition, with no adjustments, of the results of AerCap B.V. for the six months ended June 30, 2005 and the results of AerCap Holdings C.V. for the initial accounting period ended December 31, 2005.

Revenues. Our total revenues increased by $102.2 million, or 26.1%, from $390.9 million in 2004 to $493.1 million in 2005. The principal categories of our revenue and their year over year variances were:

	2004 (restated)	2005 (restated)	Increase/ (decrease)	Percentage difference
		(US dollars in millions)		
Lease revenue	$ 308.5	$ 348.9	$ 40.4	13.1%
Sales revenue	32.1	92.1	60.0	186.9%
Management fee revenue	15.0	14.2	(0.8)	(5.3)%
Interest revenue	21.6	33.4	11.8	54.6%
Other revenue	13.7	4.5	(9.2)	(67.2)%
Total	**$ 390.9**	**$ 493.1**	**$ 102.2**	**26.1%**

The increase in lease revenue was attributable primarily to:

- the recognition of supplemental maintenance rent from lease terminations and reductions in our estimated accrued maintenance liability, which resulted in a $21.2 million increase in lease revenue;

- an increase in lease revenue due to the acquisition of 15 aircraft between January 1, 2004 and December 31, 2005 with a cumulative net book value of $656.8 million at the date of acquisition, partially offset by the sale of 30 primarily older Fokker aircraft during such period with a cumulative net book value of $83.5 million at the date of sale, which resulted in a $16.2 million increase in lease revenue;

- an increase in payments under leases with lease rates tied to floating interest rates due to increases in market interest rates, which resulted in a $13.2 million increase in lease revenue;

partially offset by:

- the absence of voluntary lease termination penalties collected in 2005, which generated $6.2 million in revenue in 2004;

- the amortization of the intangible lease premium generated at the time of the 2005 Acquisition, which resulted in a $3.3 million decrease in lease revenue; and

- a decrease in lease revenue from the expiration of older, longer-term leases and the entry into new leases at lower rates, which decreased lease revenue by $1.1 million.

The increase in sales revenue to $92.1 million in 2005 from $32.1 million in 2004 reflects an increase in the number of aircraft sold in 2005 (21 aircraft) as compared to those sold in 2004 (nine aircraft). The average sales price per aircraft in 2005 was $4.3 million compared to $3.5 million in 2004. The number of aircraft sold in 2005 increased as our management decided to take advantage of favorable market conditions by selling some of our older, less desirable aircraft, including 16 of our Fokker aircraft.

Management fee revenue decreased slightly between 2004 and 2005 primarily because of a reduction in AerCo fees due to lower AerCo cashflows. In 2005, we generated 39.2% of our management fee revenue from Airplanes Group and 34.9% of our management fee revenue from AerCo. In 2004, we generated 39.0% of our management fee revenue from Airplanes Group and 36.0% of our management fee revenue from AerCo.

The increase in interest revenue in 2005 compared with 2004 was due to:

- an increase in our average cash and cash equivalents and restricted cash balances to $303.9 million in 2005 compared to $295.6 million in 2004, and an increase in the average interest rates to 2.41% in 2005 from 1.09% in 2004 on those balances, which resulted in a $4.1 million increase in interest revenue; and

- the accretion of purchase price adjustments on our interest-bearing financial assets written down in connection with the 2005 Acquisition, which resulted in a $6.1 million increase in interest revenue.

The decrease in other revenue primarily reflects the net gain on sale of a claim which we sold in 2004, which originated from the bankruptcy of one of our lessees. The gain recognized was $8.2 million. We recognized a gain on the sale of our AerCo Series D notes in 2005 of $4.6 million and a similar amount of other revenue in 2004 from penalty fees received from a lessee in connection with a lease restructuring.

Depreciation and Amortization. Depreciation and amortization decreased by $13.5 million, or 12.0%, to $112.4 million in 2005 from $125.9 million in 2004 due primarily to the reduction of our asset values in connection with the 2005 Acquisition. The decrease was partially offset by an increase in depreciation related to increased aggregate book values of our assets resulting from the acquisition of six new aircraft with a net book value of $250.3 million and the sale of 19 aircraft (18 of which were older aircraft) with an aggregate net book value of $67.4 million during 2005.

Cost of Goods Sold. The increase in cost of goods sold in 2005 reflected the increase in the number of aircraft sold to 21 with an average carrying value of $3.2 million in 2005 from nine with an average carrying value of $2.1 million in 2004.

Interest on Term Debt. Our interest on term debt increased by $1.5 million, or 1.3%, to $114.6 million in 2005 from $113.1 million in 2004. Our interest on term debt expense was principally affected by:

- an increase in our average interest rate in 2005 to 5.9% from 5.2% in 2004 due to increases in market interest rates and the fact that we refinanced low interest rate indebtedness owed to our prior shareholders with higher interest rate debt with a longer maturity;

largely offset by:

- a $210.2 million decrease in our average outstanding indebtedness balance which was $2,490.9 million in 2005 compared to $2,701.1 million in 2004; and

- a $12.5 million increase in the recognition of mark-to-market gains on derivatives to $32.4 million in 2005 from $19.9 million in 2004.

Our average outstanding indebtedness declined primarily due to the 2005 Acquisition. This decrease as a result of the 2005 Acquisition was only partially offset by our incurrence of $1.0 billion of indebtedness to pay a portion of the 2005 Acquisition purchase price and $221.0 million of indebtedness which was incurred in connection with the acquisition of new aircraft in 2005.

Impairments. In 2004, we recorded a $132.4 million impairment for all of our existing goodwill as a result of our annual goodwill impairment test described in "—Factors Affecting the Comparability of our Results—Goodwill Impairment". We did not record any impairments in 2005.

Other Operating Expenses. Our other operating expenses decreased by $13.5 million, or 20.2%, to $53.4 million in 2005 from $66.9 million in 2004. The principal categories of our other operating expenses and their year over year variances were as follows:

	2004	2005	Increase/ (decrease)	Percentage difference
		(US dollars in millions)		
Operating lease-in costs	$ 35.8	$ 25.3	$ (10.5)	(29.3)%
Leasing expenses	30.5	21.9	(8.6)	(28.2)%
Provision for doubtful notes and accounts receivable	0.6	6.2	5.6	933.3%
Total	**$ 66.9**	**$ 53.4**	**$ (13.5)**	**(20.2)%**

Our operating lease-in costs decreased due primarily to the repurchase of an aircraft previously leased-in and the termination of our lease obligation to the prior legal owner of the aircraft and an amendment to the lease on one of our other leased-in aircraft which lowered our lease obligations.

Our leasing expenses decreased in 2005 primarily because we incurred lower maintenance expenses due to fewer lessee defaults than in 2004. Leasing expenses in 2004 reflected lease transition costs totaling $7.2 million related to the transition of six A320 aircraft, which we had repossessed in 2003, from two defaulting lessees to new lessees.

Our provision for doubtful notes and accounts receivable was lower in 2004 when compared to 2005 due to the collection in 2004 of $9.5 million of receivables for which we had previously taken a reserve.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses increased by $10.1 million, or 27.7%, to $46.5 million in 2005 from $36.4 million in 2004, due primarily to increased personnel costs of $5.1 million in 2005 mainly arising from the hiring of new employees, an increase in professional fees of $1.9 million and an increase in foreign exchange losses of $3.9 million in 2005. We recognized an increase in net foreign exchange losses between 2004 and 2005 as a result of losses on our mark-to-market foreign exchange hedges, which are used to partially hedge our euro expense against changes in the euro/US dollar exchange rate.

Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests increased by $203.2 million to an income from continuing operations before income taxes and minority interests of $98.1 million in 2005 from a loss on income from continuing operations before income taxes and minority interests of $105.2 million in 2004.

Provision for Income Taxes. Our provision for income taxes increased by $14.5 million to $14.7 million in 2005 from $0.2 million in 2004 primarily due to our increased income from continuing operations before income taxes and minority interests. The effect of our increase in income from continuing operations before income taxes and minority interests was partially offset by a decrease in our average effective tax rate below the statutory tax rates as a result of the effects of the 2005 Acquisition structure described above and the reduction in non-taxable permanent differences between our US GAAP income from continuing operations before income taxes and minority interests and taxable income. In 2004, we had a net tax charge despite recording a net loss primarily as a result of the goodwill impairment charge of $132.4 million which was not tax deductible in The Netherlands. Our 2005 tax rate was reduced below the average enacted tax rates in the relevant jurisdictions producing income in that year because we were able to deduct interest expenses in The Netherlands on AerCap B.V.'s debts to its parent, AerCap Holdings C.V. while the corresponding interest income for AerCap Holdings C.V. was not subject to taxes in any jurisdiction.

Net Income. For the reasons explained above, our net income increased by $188.8 million to a net income of $83.4 million in 2005 from a net loss of $105.4 million in 2004.

Results of Operations for 2004 Compared to 2003

Revenues. Our total revenues decreased by $80.0 million, or 17.0%, to $390.9 million in 2004 from $470.9 million in 2003. The main reason for this decline was the deconsolidation of AerCo effective March 31, 2003.

	2003 (restated)	2004 (restated)	Increase/ (decrease)	Percentage difference
	(US dollars in millions)			
Lease revenue	$ 343.0	$ 308.5	$ (34.5)	(10.1)%
Sales revenue	7.5	32.1	24.6	328.0%
Management fee revenue	13.4	15.0	1.6	11.9%
Interest revenue	22.4	21.6	(0.8)	(3.6)%
Other revenue	84.6	13.7	(70.9)	(83.8)%
Total Revenues	**$ 470.9**	**$ 390.9**	**$ (80.0)**	**(17.0)%**

The decrease in aircraft leasing revenues was mainly due to:

- the deconsolidation of AerCo on March 31, 2003, which contributed $34.2 million in lease revenue in 2003;
- a decrease in lease revenue from the expiration of older, longer-term leases, principally entered into prior to 2001, and the entry into new leases at lower rates and an increase in the time our aircraft were off-lease during transition periods in 2004 compared with 2003, primarily due to the need to refurbish six repossessed aircraft in 2004, which decreased lease revenue by $17.1 million;

offset by:

- an increase in lease revenue due to the acquisition of 15 aircraft between January 1, 2003 and December 31, 2004 with a cumulative net book value of $686.0 million at the date of acquisition,

partially offset by the sale of 14 older aircraft during such period, with a cumulative net book value of $25.0 million at the date of sale which increased lease revenue by $16.7 million.

The increase in sales revenue in 2004 reflected an increase in the number and value of aircraft sold. In 2004, we sold nine aircraft at an average sales price of $3.5 million. In 2003, we sold three aircraft at an average sales price of $2.5 million.

Our management fee revenue increased in 2004 mainly due to the fact that we recognized 12 months of management fees from AerCo and only nine months of management fees in 2003 after its deconsolidation on March 31, 2003.

The decrease in our interest revenue was mainly due to the decrease in our average cash and cash equivalents and restricted cash balances to $295.6 million in 2004 from $321.9 million in 2003, which was only partially offset by an increase in the average interest rates of those balances to 1.1% in 2004 from 1.0% in 2003.

The decrease in other revenues in 2004 was mainly due to the deconsolidation of AerCo, which resulted in a gain on deconsolidation of AerCo of $72.2 million in 2003 recorded as other revenue as described above in "—Factors Affecting the Comparability of our Results —Deconsolidation of AerCo."

Depreciation and Amortization. Our depreciation and amortization decreased by $16.7 million, or 11.7%, to $125.9 million in 2004 from $143.3 million in 2003, due primarily to the deconsolidation of AerCo. Our aircraft depreciation in 2003 included $14.5 million relating to AerCo. In addition, in 2003, we settled a balance sheet liability of $107.5 million for $20.0 million. The liability related to our obligation to share the aggregate profits from the sale of all of our Fokker aircraft with the seller of the aircraft. Due to a decline in Fokker aircraft values, it appeared unlikely that we would make a profit on the portfolio equal to our recognized liability for this profit sharing obligation and the seller agreed to settle the arrangement for a payment of $20.0 million by us. Since the original liability originated from an arrangement to provide protection against declines in Fokker residual values, the $87.5 million discount on the settlement was used to reduce the carrying values of our Fokker portfolio to their current market values at the time. This reduction in net book values was also one of the reasons that our depreciation expense declined in 2004 compared with 2003.

Cost of Goods Sold. The increase in cost of goods sold in 2004 reflected the increase in the number of aircraft sold to nine with an average carrying value of $2.1 million per aircraft in 2004 from three with an average carrying value of $2.2 million per aircraft in 2003.

Interest on Term Debt. Our interest on term debt decreased by $10.3 million, or 8.3%, to $113.1 million in 2004 from $123.4 million in 2003 due primarily to the deconsolidation of AerCo, which was partially offset by an increase in our outstanding indebtedness and an increase in interest rates. Our interest on term debt in 2003 included $19.3 million relating to AerCo. In 2004, our average outstanding indebtedness balance was $2.70 billion compared to $2.55 billion in 2003. The increase was mainly caused by the incurrence of debt used to acquire nine new aircraft in 2004. In 2004, the average interest rate on our outstanding indebtedness increased to 5.2% compared to 5.0% in 2003, which was principally due to an increase in LIBOR.

Other Operating Expenses. Our other operating expenses decreased by $20.3 million, or 23.3%, to $66.9 million in 2004 from $67.8 million in 2003. The principal categories of our operating expenses and their year over year variances were as follows:

	2003	2004	Increase/ (decrease)	Percentage difference
		(US dollars in millions)		
Operating lease-in costs	$ 50.7	$ 35.8	$ (14.9)	(29.4)%
Leasing expenses	3.6	30.5	26.9	747.2%
Provision for doubtful notes and accounts receivable	13.6	0.6	(13.0)	(95.6)%
Restructuring expenses	19.3	—	(19.3)	(100.0)%
Total	**$ 87.2**	**$ 66.9**	**$ (20.3)**	**(23.3)%**

The decrease in operating lease-in costs resulted from a $15.1 million charge in 2003 to increase our onerous contract accrual due to a deterioration in the financial strength of one of our sublessees, which increased the difference between our lease obligations to the owner of the aircraft and our expected lease rental receipts from our subleases.

The increase in leasing expenses was primarily due to a $14.6 million reduction of leasing expenses in 2003 from the elimination of maintenance liabilities which did not occur in 2004. As part of a review of our accrued maintenance liabilities in 2003, our management determined that our accrued maintenance liability was in excess of the amount required to meet our future maintenance obligations and reduced our liability accordingly. In addition, in 2004 we incurred increased lease transition expenses due to a greater number of lease transitions compared to 2003 and the incurrence in 2004 of $7.3 million of expenses related to the transition of six Airbus A320 aircraft, which we repossessed from two defaulting lessees. This increase was partially offset by the absence of AerCo lease costs in 2004, which were $1.8 million in 2003.

The decrease in provision for doubtful notes and accounts receivable in 2004 was primarily due to the collection in 2004 of receivables for which we had previously taken a reserve in 2003.

In 2003, we restructured a portion of the senior unsecured debt provided by our prior shareholders in a troubled debt restructuring. As a result of this restructuring, we incurred substantial costs for legal and professional fees, as well as refinancing fees, which were classified as restructuring expenses. The expenses associated with this restructuring were $19.3 million in 2003. We recorded no similar expense in 2004.

Selling, General and Administrative Expenses. Our selling, general and administrative expenses decreased by $2.9 million, or 7.97%, to $36.4 million in 2004 from $39.3 million in 2003, due primarily to the deconsolidation of AerCo. In 2003, our selling, general and administrative expenses included $1.8 million relating to AerCo.

Impairments. In 2004, we recorded a $132.4 million impairment for all of our existing goodwill as a result of our annual goodwill impairment test described in "— Factors Affecting the Comparability of our Results—Goodwill Impairment" above. In 2003, we recorded $6.1 million of aircraft impairment related to two aircraft repossessed from a bankrupt airline.

Income From Continuing Operations Before Income Taxes and Minority Interests. For the reasons explained above, our income from continuing operations before income taxes and minority interests decreased by $170.3 million to a loss of $105.2 million in 2004 from income from continuing operations before income taxes and minority interests of $65.1 million in 2003.

Provision for income taxes. Our provision for income taxes decreased by $28.0 million to $0.2 million in 2004 from $28.2 million in 2003, due primarily to our loss in 2004 compared with income from continuing operations before income taxes and minority interests in 2003. The difference also resulted from the establishment of a provision against a significant deferred tax asset in The

Netherlands in 2003. The valuation allowance was related to a tax deductible loss we had taken in our 2002 tax return. We provided a valuation allowance against such loss in 2003 as a result of a proposed change in tax law in The Netherlands and preliminary discussions with The Netherlands tax inspector on our 2002 tax return. We subsequently settled the tax loss issue with The Netherlands tax inspector for the amount of the tax asset, net of related valuation allowance.

Net Income. For the reasons explained above, our net income decreased by $142.3 million to a net loss of $105.4 million in 2004 from net income of $36.9 million in 2003.

Liquidity and Capital Resources

We satisfy our liquidity requirements through several sources, including:

- lines of credit and other secured borrowings;
- aircraft and engine lease revenues;
- sales of aircraft, engines and parts;
- supplemental maintenance rent and security deposits provided by our lessees; and
- management fee revenue.

Aircraft leasing and trading is a capital intensive business. We believe that the proceeds of this offering, our existing cash balance and anticipated future operating cash flows, including proceeds arising from the sale of aircraft, engines and parts, will be sufficient to satisfy the operating requirements of our business through 2007. In the longer term, we expect to fund the growth of our business, including the acquisition of aircraft and engines, through internally generated cash flows, the incurrence of bank debt and the issuance of debt and equity securities. For additional information on the availability of funding under our revolving credit facilities see "Indebtedness".

The acquisition of aircraft and engines drives our growth and fuels our long-term need for liquidity. It is our intention to fund future aircraft and engines acquisitions initially through cash flows from our operations, borrowings under credit facilities and government guaranteed debt issuances, and to repay all or a portion of the borrowings from time to time with the net proceeds from a variety of capital market and bank sources, including securitizations and from aircraft and engine sale proceeds. Therefore, our ability to execute our business strategy, particularly the growth of our business, depends to a significant degree on our ability to secure additional financing. Whether we will be able to obtain financing will depend upon a number of factors, such as our historical and expected performance, industry and market trends, the availability of capital and the relative attractiveness of alternative investments. We believe that funds will be available to support our growth strategy. However, future deterioration in our performance or our markets could limit our ability to obtain financing and/or increase our cost of capital, which may negatively affect our ability to raise additional funds and grow our business.

Our liquidity also depends on the ability of our subsidiaries to dividend cash to us. Substantially, all of our owned aircraft are held through special purpose subsidiaries, consolidated joint ventures or finance structures which borrow funds to finance or refinance the aircraft. Most of the commercial bank loans and export credit facility financings restrict the payment of dividends in the event that the borrower is in default under the applicable loan, which can include the failure to meet financial ratios or tests. Our revolving credit facility with a syndicate of banks led by affiliates of UBS Real Estate Securities Inc. permits limited distributions to us by the relevant subsidiary borrower during the first two years provided specified principal payments are made. AeroTurbine's revolving credit facility with a syndicate of banks led by affiliates of Calyon permits distributions to us provided that specified financial ratios are met. The securitization of Aircraft Lease Securitisation allows distributions on the subordinated notes to us after the senior classes of notes are repaid. We believe we are in compliance

with the financial covenants in all of our indebtedness. For more information on our indebtedness, see "Indebtedness".

From time to time, we enter into intercompany funding arrangements with our subsidiaries and/or provide capital contributions to them to ensure that our subsidiaries have sufficient liquidity to satisfy their contractual and operational requirements.

Cash Flows

Nine months ended September 30, 2006 compared to nine months ended September 30, 2005. Our cash flows for the nine months ended September 30, 2005 represent the cash flows for AerCap B.V. from January 1, 2005 to June 30, 2005, when it was owned by our prior shareholders, and the cash flows for AerCap Holdings C.V. from June 27, 2005 (inception) to September 30, 2005, following the 2005 Acquisition on June 30, 2005. For the period from June 27, 2005 to June 30, 2005, we did not generate any cash flows. The cash flows have been aggregated to provide investors with data for nine months ended September 30, 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our cash flows for the nine months ended September 30, 2006 to cash flows for prior periods. We have included a reconciliation of the aggregate nine months ended September 30, 2005 cash flows to the consolidated statements of cash flows prepared in accordance with US GAAP in the table below:

	AerCap B.V.	AerCap Holdings C.V.	Aggregate Non-GAAP
	Six months ended June 30, 2005 (restated)	Three months ended September 30, 2005 (restated)	Nine months ended September 30, 2005
	(US dollars in millions)		
Net cash flow provided by operating activities	$ 107.3	$ 43.3	$ 150.6
Net cash flow provided by (used in) investing activities	14.5	(1,657.3)	(1,642.8)
Net cash flow (used in) provided by financing activities	(142.0)	1,708.8	1,566.8

The aggregation of cash flow data for the nine months ended September 30, 2005 is not in accordance with US GAAP, as AerCap Holdings C.V. is a different reporting entity for accounting purposes from AerCap B.V. and the periods presented are not directly comparable because the cash flow information for the three months ended September 30, 2005 includes the effects of the 2005 Acquisition. The AerCap Holdings C.V. cash flow information for the nine months ended September 30, 2005 reflects the addition, without adjustment, of the cash flows of AerCap B.V. for the six months ended June 30, 2005 and of AerCap Holdings C.V. for the three months ended September 30, 2005. The aggregated cash flow information should be considered as supplemental information only.

	Aggregate Non-GAAP	AerCap Holdings C.V.
	Nine months ended September 30, 2005	Nine months ended September 30, 2006
	(US dollars in millions)	
Net cash flow provided by operating activities	$ 150.6	$ 176.3
Net cash flow used in investing activities	(1,642.8)	(344.5)
Net cash flow provided by financing activities	1,566.8	201.2

Cash Flows From Operating Activities. Our cash flows provided by operating activities increased by $25.7 million to $176.3 million in the nine months ended September 30, 2006 from $150.6 million in the nine months ended September 30, 2005 due primarily to the $48.6 million increase in net income to $105.1 million for the nine months ended September 30, 2006 from $56.5 million in the nine months ended September 30, 2005. This increase in net income did not cause an equivalent increase in the cash flows primarily due to the $32.8 million increase in our inventory following the AeroTurbine Acquisition.

Cash Flows Used in Investing Activities. Our cash flows used in investing activities decreased by $1,298.3 million, to cash used in investing activities of $344.5 million in the nine months ended September 30, 2006 from cash used in investing activities of $1,642.8 million in the nine months ended September 30, 2005. The principal reason for the decrease in cash used in investing activities in the nine months ended September 30, 2006 was the consideration paid, net of cash acquired, of $1,245.6 million paid by AerCap Holdings C.V. to acquire AerCap B.V. in the nine months ended September 30, 2005.

Cash Flows Provided by Financing Activities. Our cash flows provided by financing activities decreased by $1,365.6 million, to $201.2 million provided by financing activities in the nine months ended September 30, 2006 from $1,566.8 million provided by financing activities in the nine months ended September 30, 2005. This decrease in cash flows provided by financing activities was due primarily to the $1.0 billion term loan contracted in connection with the 2005 Acquisition and additional equity investments totaling $405.1 million at the time of the 2005 Acquisition, which did not occur in the nine months ended September 30, 2006.

Year ended December 31, 2005 compared to year ended December 31, 2004. Our cash flows for the year ended December 31, 2005 represent an aggregation of the cash flows for AerCap B.V. from January 1, 2005 to June 30, 2005 when it was owned by our prior shareholders and the cash flows for AerCap Holdings C.V. from June 27, 2005 (inception) to December 31, 2005, following the 2005 Acquisition on June 30, 2005. For the period from June 27, 2005 to June 30, 2005, we did not generate any cash flows. The cash flows have been aggregated to provide investors with 2005 data for the full year of 2005 on the same basis our management uses to analyze our business results and to provide a basis for comparing our 2005 cash flows to cash flows to prior periods. We have included a reconciliation of the aggregate 2005 cash flows to the consolidated statements of cash flows prepared in accordance with US GAAP in the table below:

	AerCap B.V.		AerCap Holdings C.V.	
	Year ended December 31, 2004 (restated)	Six months ended June 30, 2005 (restated)	Six months ended December 31, 2005 (restated)	Aggregate non-GAAP year ended December 31, 2005
	(US dollars in millions)			
Net cash flow provided by operating activities	$ 91.9	$ 107.3	$ 109.2	$ 216.5
Net cash flow (used in) provided by investing activities	(218.5)	14.5	(1,431.3)	(1,416.8)
Net cash flow provided by (used in) financing activities	136.5	(142.0)	1,505.5	1,363.5

The aggregation of the cash flow data for the year ended December 31, 2005 is not in accordance with US GAAP, as AerCap Holdings C.V is a different reporting entity for accounting purposes from AerCap B.V., and the periods presented are not directly comparable because the cash flow information for the six months ended December 31, 2005 includes the effects of the 2005 Acquisition. The AerCap Holdings C.V. cash flow information for the year ended December 31, 2005 reflects the addition, without adjustment, of the cash flows of AerCap B.V. for the six months ended June 30, 2005 and of AerCap Holdings C.V. for the initial accounting period of the six months ended December 31, 2005. The aggregated cash flow information should be considered as supplemental information only.

Cash Flows from Operating Activities. Our cash flows provided by operating activities increased by $124.6 million, or 135.6%, to $216.5 million in 2005 from $91.9 million in 2004 due primarily to the $188.7 million increase in net income to $83.4 million in 2005 from a net loss of $105.4 million in 2004. This increase in net income did not cause an equivalent increase in cash flows primarily due to the $132.4 million non-cash goodwill impairment charge in 2004 which did not occur in 2005. Cash flows also increased in 2005 as compared with 2004 as a result of a decline in notes receivables in 2005 primarily reflecting payment of a $45.0 million loan receivable secured by two A320 aircraft.

Cash Flows from Investing Activities. Our cash flows used in investing activities increased by $1,198.3 million, from $218.5 million in 2004 to $1,416.8 million in 2005. The principal reason for the increase in cash used in 2005 was the consideration, net of cash acquired, of $1,245.6 million paid by AerCap Holdings C.V. to acquire AerCap B.V. In addition, we have increased the amount of cash in restricted cash accounts by $125.9 million. A large percentage of this additional cash was required to be placed in a restricted account due to Aircraft Lease Securitisation. The increased uses of cash flows for investing activities during 2005 were only partially offset by a $101.4 million decrease in the amounts paid for the acquisition of new aircraft and the payment of pre-delivery aircraft payments and a $88.2 million increase in amounts received from the sale of assets.

Cash Flows from Financing Activities. Our cash flows provided by financing activities increased by $1,227.0 million, from $136.5 million in 2004 to $1,363.5 million in 2005. In 2005, we increased the source of cash from additional borrowings by $1,991.6 million primarily related to the $1.0 billion term loan contracted at the 2005 Acquisition and the $1.0 billion debt issued by Aircraft Lease Securitisation. The increased cash flows provided by financing activities in 2005 were offset partially by the repayment of the $1.0 billion term loan in 2005 with the proceeds of the debt issued by Aircraft Lease Securitisation. These increased borrowings in 2005 when compared to 2004 are partially offset by increased borrowings in 2004 to fund additional aircraft deliveries in that year. Additional financing cash flows were obtained in 2005 through additional equity investments totaling $405.1 million at the time of the 2005 Acquisition, which did not occur in 2004.

Indebtedness

As of September 30, 2006, our outstanding indebtedness totaled $2.5 billion and primarily consisted of export credit facilities, Japanese operating lease financings, commercial bank debt, securitization debt and capital lease structures.

The following table provides a summary of our indebtedness at September 30, 2006:

Debt Obligation	Collateral	Commitment	Outstanding	Undrawn amounts	Weighted average interest rate	Final stated maturity
			(US dollars in thousands)			
Export credit facilities — guaranteed financings	17 aircraft	$ 578,573	$ 578,573	$ —	5.45%	2006-2018
Japanese operating lease financings	3 aircraft	100,545	100,545	—	4.97%	2006-2015
Commercial bank debt	22 aircraft and 49 engines	706,074	706,074	998,883	5.61%	2006-2019
Aircraft Lease Securitization debt	42 aircraft	896,157	896,157	—	5.33%	2006-2030
Capital lease obligations	1 aircraft	22,490	22,490	—	8.49%	2006-2014
Capital lease obligations under defeasance structures	4 aircraft	155,138	155,138	—	5.38%	2006-2010
Total		**$ 2,458,977**	**$ 2,458,977**	**$ 998,883**		

The weighted average interest rate in the table above includes the impact of related derivative instruments, regardless of whether such derivatives qualified for hedge accounting at the related periods.

In October 2006, we entered into a $248.0 million senior secured term loan with a syndicate of banks led by Calyon to finance the purchase of 25 aircraft from GATX. The interest rate on the senior secured loan is one month LIBOR plus 1.75% for the first five years and one month LIBOR plus 2.25% thereafter and its maturity date is October 2013. As of September 30, 2006, we had $872.0 million available and undrawn under our UBS revolving credit facility and $126.9 million available and undrawn under our Calyon revolving credit facility. See "Indebtedness" for more information regarding our indebtedness.

On October 17, 2006, we signed a letter of intent to acquire 20 new A330-200 widebody aircraft from Airbus. In the event we enter into final purchase documentation with respect to the A330-200 aircraft, we would have significantly increased financial commitments. See "Business—Aircraft—Aircraft on Order or Subject to Letters of Intent".

Contractual Obligations

Our contractual obligations consist of principal and interest payments on term debt, executed purchase agreements to purchase aircraft, operating lease rentals on aircraft under lease in/lease out structures and rent payments pursuant to our office leases. We intend to fund our contractual obligations through our lines of credit and other borrowings as well as internally generated flows. We believe that our sources of liquidity will be sufficient to meet our contractual obligations.

The following table sets forth our contractual obligations and their maturity dates as of September 30, 2006:

Payments Due By Period as of September 30, 2006

Contractual Obligations	2006(6)	2007 to 2009	2010 to 2011	Therafter	Total
			(U.S. dollars in thousands)		
Term debt(1)	$ 79,484	$ 976,696	$ 819,690	$ 1,302,272	$ 3,178,142
Purchase obligations(2)(3)(5)	237,628	2,076,404	949,421	—	3,263,453
Operating leases(4)	8,081	110,964	54,327	30,630	204,002
Derivative obligations	(175)	(2,256)	(2,762)	(3,710)	(8,903)
Total(4)	**$ 325,018**	**$ 3,161,808**	**$ 1,820,676**	**$ 1,329,192**	**$ 6,636,694**

(1) Includes estimated interest payments based on one-month LIBOR as of September 30, 2006, which was 5.32%. After giving effect to the use of proceeds from this offering, commercial bank debt will be reduced by approximately $140.0 million from amount outstanding at September 30, 2006. In connection with the acquisition of aircraft from GATX, we expect to incur up to $248.0 million of additional secured indebtedness. See "Capitalization".

(2) At September 30, 2006 there were nine aircraft remaining to be delivered under our 1999 aircraft purchase agreement with Airbus and the 47 Airbus A320 and 23 Airbus A319 aircraft and six engines on order by AerVenture.

(3) On October 17, 2006, we signed a letter of intent to acquire 20 new A330-200 widebody aircraft from Airbus. In the event we enter into final purchase documentation with respect to the A330-200 aircraft, we would have significantly increased contractual obligations. See "Business—Aircraft—Aircraft on Order or Subject to Letters of Intent".

(4) Represents contractual operating lease rentals on aircraft under lease in/lease out structures and contractual payments on our office and facility leases in Amsterdam, The Netherlands, Miami, Florida, Fort Lauderdale, Florida, Goodyear, Arizona and Shannon, Ireland.

(5) Does not involve our capital contributions to AerVenture required in connection with the acquisition of aircraft, which amounts are consolidated in "purchase obligations".

(6) Three months ended December 31, 2006.

In May 2006, we entered into a joint venture agreement with China Aviation Supplies Import & Export Group Corporation and affiliates of Calyon to establish AerDragon, a Chinese aircraft leasing company. Under the AerDragon joint venture agreement, we have agreed to contribute $15.0 million to fund AerDragon's initial aircraft and engine purchases. Since AerDragon had not received the local Chinese approvals to begin operations until October 2006, we were not required to make the $15.0 million capital contribution as of September 30, 2006 and the capital contribution is not included in the table above.

Capital Expenditures

Our primary capital expenditure is the purchase of aircraft, including pre-delivery payments under our 1999 aircraft purchase agreement with Airbus. The table below sets forth our capital expenditures for the historical periods indicated.

	Year ended December 31,			
	2003	2004	2005	Nine months ended September 30, 2006
	(US dollars in thousands)			
Capital expenditures	$ 222,041	$ 313,213	$ 198,870	$ 390,437
Pre-delivery payments	52,923	33,366	46,315	59,496

In 2003, our principal capital expenditures were for four A321 aircraft, one A320 aircraft and one A319 aircraft and predelivery payments for 13 aircraft. In 2004, our principal capital expenditures were for five A320 aircraft, three A321 aircraft and one MD-11F aircraft which we previously leased-in under an operating lease and predelivery payments for nine aircraft. In 2005, our principal capital expenditures were for five A320 aircraft and one A319 aircraft and predelivery payments for 12 aircraft.

The table below sets forth our expected capital expenditures for future periods indicated based on contracted commitments as of September 30, 2006.

	2006(1)	2007	2008	2009	2010
	(US dollars in thousands)				
Capital expenditures	$ 222,389	$ 428,609	310,421	829,143	944,257
Pre-delivery payments	15,239	87,142	214,318	206,771	5,164
Total	**$ 237,628**	**$ 515,751**	**$ 524,739**	**$ 1,035,914**	**$ 949,421**

(1) Three months ended December 31, 2006

In the nine months ended September 30, 2006, we purchased three A319 aircraft and three A320 aircraft under our 1999 Airbus purchase contract and seven additional used aircraft. In 2007, we expect to make capital expenditures related to final delivery payments on nine A320 family aircraft under our 1999 Airbus purchase contract. We expect to make capital expenditures related to the 47 A320 aircraft and 23 A319 aircraft on order by AerVenture between 2007 and 2010. As we implement our growth strategy and expand our aircraft and engine portfolio, we expect our capital expenditures to increase in the future. We anticipate that we will fund these capital expenditures through internally generated cash flows, draw downs on our committed revolving credit facilities and the incurrence of bank debt, and other debt and equity issuances. In the three months ended December 31, 2006, we expect to take delivery of a portfolio of 17 aircraft at a total cost of approximately $210.9 million.

Off-Balance Sheet Arrangements

We are obligated to make sublease payments under 11 aircraft operating leases of aircraft which mature between 2008 and 2012. We lease these 11 aircraft to aircraft operators. Since we are not fully exposed to the risks and rewards of ownership of these aircraft, we do not include these aircraft on our balance sheet. In addition, we do not recognize a financial liability for our operating lease obligations under the leases on our balance sheet. Due to the fact that sublease receipts related to these 11 aircraft are insufficient to cover our lease obligations, we have recognized an onerous contract accrual on our balance sheet which is equal to the difference between the present value of the lease expenses and the present value of the sublease income discounted at appropriate discount rates. This accounting treatment, however, does not result in the same presentation as if we accounted for these aircraft as owned assets and the related operating lease obligations as term debt liabilities. Note 15 of our

consolidated financial statements included in this prospectus includes more information on this arrangement, including a table of future lease obligations by year.

As described above in "—Factors Affecting the Comparability of our Results—Deconsolidation of AerCo", we continue to have an economic interest in AerCo. This interest is not assigned any value on our balance sheet because we do not expect to realize any value for our investment.

We have other investments in companies or ventures in the airline industry which we obtain primarily through restructurings in our leasing business. The value of these investments are immaterial to our financial position. We do not consolidate such companies on our balance sheet because the investments do not meet the requirements for consolidation.

Subsequent to December 31, 2005, we have entered into one joint venture, our Annabel joint venture, that does not qualify for consolidated accounting treatment, the assets and liabilities of which will be off our balance sheet and we will record only our net investment under the equity method of accounting.

Related Party Transactions

Related Party Transactions with Current Affiliates

We have made payments to Cerberus and third parties on behalf of Cerberus totaling approximately $1.1 million since the 2005 Acquisition. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of acquisitions, including the purchase of aircraft and our acquisition of AeroTurbine. In addition, this amount also includes approximately $0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. We are currently establishing agreements directly with the consultants who we expect to retain for similar services in the future instead of working with them through Cerberus. If we accept services from individuals employed by or contracted through Cerberus in the future, we expect these arrangements to reflect arm's length negotiations that will not be less favorable to us than the terms we could negotiate with an independent party.

We leased two A321-200 model aircraft to Air Canada in 2002. One lease began on April 23, 2002 and lasts for a term of six years. The other lease began on May 29, 2002 and lasts for a term of ten years. We generated $12.5 million in revenue from these leases in 2005. Cerberus indirectly controls 11% of the equity of Air Canada, but did not hold this equity interest at the time we entered into the leases. We believe that the terms of the lease reflect arm's length negotiations.

In February 2006, we entered into a guarantee arrangement with DvB Bank AG and Aozora Bank Limited, an entity that is majority owned by Cerberus. In addition, Pieter Korteweg, the Chairman of our Board of Directors, and Marius Jacques Leonard Jonkhart, a non-executive director, are also on the board of directors of Aozora Bank. The guarantee supports certain of our obligations to a Japanese operating lessor of up to $13.8 million in connection with our lease of an A320 aircraft from a Japanese operating lessor. The lessor of the aircraft required the guarantee as additional credit support following the 2005 Acquisition. We leased the A320 aircraft from the Japanese operating lessor under a lease and then subleased the aircraft to an aircraft operator. In the event we fail to make certain payments related to the unwind values following the termination of the lease under our head lease, DvB Bank will make the payment on our behalf but will be reimbursed by Aozora Bank for any payments made. We have agreed to indemnify Aozora Bank for any payments it makes under the guarantee arrangement. The guarantee expires in February 2008. Under the terms of the guarantee arrangement, we are required to provide cash collateral to Aozora Bank if we breach certain financial covenants. Currently we are not in breach of any of these covenants and have not provided any cash

collateral. In connection with the guarantee arrangement, we pay Aozora Bank a fee of 4.1% per annum of the amount guaranteed and have provided Aozora Bank with a second priority share pledge over the shares of the entity leasing the aircraft from the Japanese operating lessor. We believe that the terms of the guarantee reflect arm's length negotiations and are not more favorable than the terms we would have negotiated with an independent party.

In April 2006, we entered into a senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. See "Indebtedness—UBS Revolving Credit Facility" for more information regarding the UBS revolving credit facility. Aozora Bank is a syndicate member under the facility and participated in up to $50.0 million of the class A loans and up to $25.0 million of the class B loans issued thereunder, representing 7.0% of the class A loans and 13.9% of the class B loans. As of September 30, 2006, we had drawn and outstanding $91.9 million of the class A loans and $23.7 million of the class B loans. We believe that the terms of the revolving credit facility reflect arm's length negotiations and are not more favorable than the terms we would have negotiated with an independent party.

We lease our office and warehouse located in Miami, Florida from an entity owned by the Chief Executive Officer and Chief Operating Officer of AeroTurbine. The lease for this facility expires on December 31, 2013. The lease was amended in March 2006 to adjust the rent to current market rates commencing in January 2007.

In 2004, we entered into leases for six A320 aircraft with WizzAir Hungary Limited. As part of the transaction, WizzAir agreed to issue us shares of their equity representing 17.4% of their equity as of November 2004. In 2005, we agreed with WizzAir's other shareholders and creditors to enter into a Shareholders' and Noteholders' Agreement under which we agreed to convert trade receivables into an unsecured, non-amortizing €7.8 million note, convertible into approximately 26% of WizzAir's outstanding shares on a fully diluted basis as of February 2005). Under the terms of the Shareholders' and Noteholders' Agreement, we were able to appoint a director of WizzAir between February 2005 and June 2005. We appointed one of our senior managers to be a director of WizzAir during this period. We sold all of our WizzAir convertible notes in September 2006. We believe that the terms of the leases and the conversion of trade receivables into convertible notes reflect arm's length negotiations and are not more favorable than the terms we would have negotiated with an independent party.

We have also entered into aircraft management agreements with our non-consolidated joint ventures, AerDragon and Annabel Aircraft Leasing Limited, or Annabel, and the AerCo securitization vehicle. We believe that the terms of these agreements reflect arm's length negotiations that are not more favorable than the terms we would have negotiated with an independent party. See "Business—Aircraft—Joint Ventures".

Related Party Transactions with Affiliates of our Prior Shareholders

Prior to the 2005 Acquisition, we entered into several related party transactions with affiliates of our prior shareholders, including financings which were on favorable terms.

In March 2004, we entered into a $1.5 billion secured term loan and two subordinated $50.0 million revolving loan facilities with our prior shareholders or their affiliates, DaimlerChrysler, Bayerische Landesbank Girozentrale, Dresdner Bank AG, DZ BANK AG, Deutsche Zentrale-Genossenschaftsbank, HVB Banque Luxembourg Girozentrale and Kreditanstalt für Wiederaufbau. The term loan is repayable semiannually between June 30, 2006 and December 30, 2015, with a $620.0 million principal payment due on the last payment date. The interest rate on the term loan is one-, three- or six-month LIBOR plus 1.25% and the interest rate on the subordinated revolving loan

facilities is six-month LIBOR plus 0.50%. We believe that the covenants, principal amortization schedule and interest rates on these loans were more favorable than what we could have obtained in arm's length negotiations at the time we entered into the loans. In connection with the 2005 Acquisition, these loans were acquired by us and eliminated in consolidation. As a result of the favorable amortization schedule and interest rates on these loans, we had greater liquidity and our interest on term debt expense was lower in 2004 and in the six months ended June 30, 2005 than it would otherwise have been had we entered into the loan on market terms.

In December 2002, we entered into an agreement with Wings Aircraft Finance, Inc. to provide aircraft management services for 41 Fairchild Dornier 328 aircraft. The agreement terminates in February 2013. Since December 2002, we have sold nine of the Fairchild Dornier aircraft on behalf of the owner. We generated revenue of $1.9 million in 2003, $1.6 million in 2004 and $2.0 million in 2005 from the fees we received for managing the Wings portfolio. Prior to the 2005 Acquisition, DaimlerChrysler Aerospace A.G., one of our prior indirect shareholders, held a 100% equity interest in Wings Aircraft Finance. We believe that the terms of the aircraft management services agreement reflect arm's length negotiations and are not more favorable than the terms we would have negotiated with an independent party.

In 1999, we signed an aircraft purchase order with Airbus for the purchase of 32 new A320 family aircraft. As of September 30, 2006, nine aircraft remained to be delivered under the agreement. Airbus is partially owned by European Aeronautic Defense & Space Company —EADS N.V., an affiliate of DaimlerChrysler, one of our former shareholders. We believe that the terms of this contract reflect arm's length negotiations and are not more favorable than the terms we would have negotiated with an independent third party.

Quantitative and Qualitative Disclosures About Market Risk

Our primary market risk exposure is interest rate risk associated with short and long-term borrowings bearing variable interest rates and lease payments under leases tied to floating interest rates. To manage this interest rate exposure, we enter into interest rate swap and cap agreements. We are also exposed to foreign currency risk, which can adversely affect our operating profits. To manage this risk, we enter into forward exchange contracts.

The following discussion should be read in conjunction with Notes 1, 2 and 11 to our audited consolidated financial statements contained in this prospectus, which provide further information on our derivative instruments contained in this prospectus.

Interest Rate Risk

The rentals we receive under our leases are based on fixed and variable interest rates. We fund our operations with a mixture of fixed and floating rate US dollar denominated debt and finance lease obligations. An interest rate exposure arises to the extent that the mix of these obligations are not matched with our assets. This exposure is primarily managed through the use of interest rate caps and interest rate swaps using a cash flow based risk management model. This model takes the expected cash flows generated by our assets and liabilities and then calculates by how much the value of these cash flows will change for a given movement in interest rates. Our policy is to seek to ensure that the net worth of our business will not be exposed to more than a $15 million movement from a 1% parallel shift in US dollar interest rates across the yield curve.

Under our interest rate swaps, we pay fixed amounts and receive floating amounts on a monthly basis. The swaps amortize based on a number of factors, including the expiration dates of the leases under which our lessees are contracted to make fixed rate rental payments and the three- or six-month LIBOR reset dates under our floating rate leases. Under our interest rate caps, we will receive the

excess, if any, of LIBOR, reset monthly or quarterly on an actual/360 adjusted basis, over the strike rate of the relevant cap.

The table below provides information as of September 30, 2006 regarding our derivative financial instruments that are sensitive to changes in interest rates on our borrowing, including our interest rate swaps and caps. The table presents the notional amounts and weighted average interest rates by contracted maturity dates. Notional amounts are used to calculate the contractual payments to be exchanged under the contract. Weighted average variable rates are based on implied forward rates in the yield curve at the applicable date.

	2006	2007	2008	2009	2010	Thereafter	Total	Fair value
				(US Dollars in thousands)				
Interest rate caps								
Notional amounts	$ —	$ 75,000	$ 575,000	$ 145,000	$ 135,000	$ 640,000	$ 1,570,000	$ 9,116
Weighted average strike rate	—	5.75%	5.75%	5.75%	5.61%	5.90%	5.80%	

	2006	2007	2008	2009	2010	Thereafter	Total	Fair value
				(US Dollars in thousands)				
Interest rate swaps								
Notional amounts	$ 20,000	$ —	$ 60,000	$ —	$ —	$ —	$ 80,000	$ (212)
Weighted average pay rate	2.63%	—	5.38%	—	—	—	4.69%	
Weighted average receive rate	5.32%	—	5.37%	—	—	—	5.36%	

As of September 30, the interest rate swaps and caps had notional amounts of $1.65 billion and a fair value of $8.9 million. The variable benchmark interest rates associated with these instruments ranged from one to six-month LIBOR.

Our Board of Directors is responsible for reviewing and approving our overall interest rate management policies and transaction authority limits. Specific hedging contracts are approved by the treasury committee acting within the overall policies and limits. Our counterparty risk is monitored on an ongoing basis, but is mitigated by the fact that all of our interest rate derivatives, except Aircraft Lease Securitisation's derivatives, require two-way cash collateralization. Our counterparties are subject to the prior approval of the treasury committee.

Foreign Currency Risk and Foreign Operations

Our functional currency is the U.S. dollar. As of September 30, 2006, all of our aircraft leases and all of our engine leases were payable in U.S. dollars. We incur euro denominated expenses in connection with our offices in The Netherlands and Ireland. For the year ended December 31, 2005, our aggregate expenses denominated in currencies other than the U.S. dollar, such as payroll and office costs and professional advisory costs, were $40.5 million in U.S. dollar equivalents and represented 85.5% of total selling, general and administrative expenses. We enter into foreign exchange contracts based on our projected exposure to foreign currency risks in order to protect ourselves from the effect of period over period exchange rate fluctuations. Mark-to-market gains or losses on such contracts are recorded as part of selling, general and administrative expenses since most of our non-US denominated payments relate to such expenses. Since we currently receive substantially all of our revenues in US dollars and we hedge a material portion of our non-dollar denominated expenditures, we do not believe that a change in foreign exchange rates will have material impact on our results of operations. However, the portion of our business conducted in foreign currencies could increase in the future, which could increase our exposure to losses arising from currency fluctuations.

Inflation

Inflation generally affects our costs, including selling, general and administrative expenses and other expenses. However, we do not believe that our financial results have been, or will be, adversely affected by inflation in a material way.

Management's Use of EBITDA

We define EBITDA as income (loss) from continuing operations before provision for income taxes, interest on term debt and depreciation and amortization. We use EBITDA to assess our consolidated financial and operating performance, and we believe this non-US GAAP measure is helpful in identifying trends in our performance. This measure provides an assessment of controllable revenue and expenses and enhances our management's ability to make decisions with respect to resource allocation and whether we are meeting established financial goals.

EBITDA provides us with a useful measure of operating performance because it assists us in comparing our operating performance in different periods without the impact of our capital structure (primarily interest charges on our outstanding debt) and non-cash expenses related to our long-lived asset base (primarily depreciation and amortization) on our operating results. Accordingly, EBITDA measures our financial performance based on operational factors that management can impact in the short-term, such as our cost structure or expenses, and on a more medium-term basis, our revenues. In addition, our Aozora Bank guarantee contains a provision that requires us to place certain fees from certain aircraft management services in a pledged account if our EBITDA falls below specified thresholds and our Calyon revolving credit facility contains a covenant tied to EBITDA that requires AeroTurbine to maintain a specified ratio of fixed charges to EBITDA.

Limitations of EBITDA

EBITDA has limitations as an analytical tool and should not be viewed in isolation. EBITDA is a measure of operating performance that is not calculated in accordance with US GAAP. EBITDA should not be considered a substitute for net income, income from continuing operations or cash flows provided by or used in operations, as determined in accordance with US GAAP. Material limitations in making the adjustments to our earnings to calculate EBITDA, and using this non-GAAP financial measure as compared to GAAP net income (loss), include:

- depreciation, though not directly affecting our current cash position, represents the wear and tear and/or reduction in value of our aircraft, which affects the aircraft's availability for use and may be indicative of future needs for capital expenditures or reduced revenue generation in the future; and

- the cash portion of income tax (benefit) provision generally represents charges (gains), which may significantly affect our financial results.

We strongly urge you to review the reconciliation of EBITDA to GAAP net income (loss) in the table below, along with our audited consolidated financial statements included in this prospectus. We also strongly urge you to not rely on any single financial measure to evaluate our business. In addition, because EBITDA is not a measure of financial performance under GAAP and is susceptible to varying calculations, the EBITDA measure, as presented in this prospectus, may differ from and may not be directly comparable to similarly titled measures used by other companies. The table below shows the reconciliation of net income (loss) to EBITDA for the years ended December 31, 2003, 2004 and 2005 (on an aggregated basis, as described above), and the six months ended June 30, 2005, three months

ended September 30, 2005, six months ended December 31, 2005 and nine months ended September 30, 2006.

	AerCap, B.V.			AerCap Holdings C.V.			
	Year ended December 31,		Six months ended June 30,	Three months ended September 30, 2005	Six months ended December 31, 2005	Aggregated Year ended December 31, 2005	Nine months ended September 30, 2006
	2003	2004	2005				
	(US dollars in thousands)						
Net income (loss)	$ 36,915	$ (105,362)	$ 33,700	$ 22,915	$ 49,663	$ 83,363	$ 105,142
Depreciation	143,303	125,877	66,407	22,477	45,918	112,325	72,347
Interest on term debt	123,435	113,132	69,857	24,868	44,742	114,599	11,432
Provision for income taxes	28,222	168	4,127	4,086	10,570	14,697	20,094
EBITDA	**$ 331,875**	**$ 133,815**	**$ 174,091**	**$ 74,346**	**$ 150,893**	**$ 324,984**	**$ 309,015**

Other Contingencies

VASP Litigation

We leased 13 aircraft and three spare engines to Viacao Aerea de Sao Paulo, or VASP, a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our aircraft. In 1992, we obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines in 1992. VASP appealed this decision. In 1996, the High Court of the State of Sao Paulo ruled in favor of VASP on its appeal. We were instructed to return the aircraft and engines to VASP for lease under the terms of the original lease agreements. The High Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have pursued this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Court of Justice dismissed our most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006 we appealed this decision to the Federal Supreme Court. On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages and since then both we and VASP have appointed experts to assist the court in calculating damages. Our external legal counsel has advised us that even if we lose on the merits, they do not believe that VASP will be able to demonstrate any damages. We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously.

We are currently pursuing claims for damages in the English courts against VASP based on the damages we incurred as a result of the default by VASP on its lease obligations. In October 2006, the English Courts approved our motion to serve process upon VASP in Brazil. Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provisions for this litigation.

Swedish Tax Dispute

In 2001, Swedish tax authorities challenged the position we took in tax returns we filed for the years 1999 and 2000 with respect to certain deductions. In accordance with Swedish law, we made a guaranty payment to the tax authority of $16.8 million in 2003. We appealed the decision of the tax authorities, and, in August 2004, a Swedish Court ruled in our favor, which resulted in a tax refund of $19.9 million (which included interest and the effect of foreign exchange movements for the intervening period). In September 2004, the Swedish tax authorities appealed the decision of the Court and filed an appeal with the Administrative Court of Appeal in Sweden. We have responded to that appeal. At the

moment, it is considered likely that a decision will be forthcoming from the Court by the end of 2006. Our management, based on the advice of our tax advisors, has determined that it is not necessary to make any provisions for this tax dispute.

Recent Accounting Pronouncements

In May 2005, the Financial Accounting Standards Board ("FASB" or the "Board") issued SFAS No. 154, "Accounting Changes and Error Corrections", which replaces APB Opinion No. 20, "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements", and provides guidance on the accounting for and reporting of accounting changes and error corrections. SFAS No. 154 applies to all voluntary changes in accounting principle and requires *retrospective application* (a term defined by the statement) to prior periods' financial statements, unless it is impracticable to determine the effect of a change. It also applies to changes required by an accounting pronouncement that does not include specific transition provisions. In addition, SFAS No. 154 redefines *restatement* as the revising of previously issued financial statements to reflect the correction of an error. The statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We have adopted SFAS No. 154 beginning January 1, 2006.

In July 2005, the FASB issued FSP No. APB 18-1, "Accounting by an Investor for Its Proportionate Share of Accumulated Other Comprehensive Income of an Investee Accounted for Under the Equity Method in Accordance with APB Opinion No. 18 Upon a Loss of Significant Influence", which requires that when equity method accounting ceases upon the loss of significant influence of an investee, the investor's proportionate share of the investee's other comprehensive income should be offset against the carrying value of the investment. To the extent this results in a negative carrying value, the investor should adjust the carrying value to zero and record the residual balance through earnings. The FSP is effective for reporting periods beginning after July 12, 2005. We have adopted FSP No. APB 18-1 beginning January 1, 2006 and do not anticipate that it will have a material impact on our financial position or results of operations.

On November 10, 2005, the FASB issued FSP No. 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards", which provides an alternative (and simplified) method to calculate the pool of excess income tax benefits upon the adoption of SFAS No. 123(R). Among other things, the FSP also provides guidance on how to present excess tax benefits in statements of cash flows when the alternative pool calculation is used. This new guidance became effective upon its issuance; however, companies can generally make a one-time election to adopt the transition method in FSP No. 123(R)-3 up to one year from the later of (i) initial adoption of SFAS No. 123(R) or (ii) November 10, 2005. If a company elects to adopt the alternative method after it has already issued financial statements pursuant to the provisions of SFAS No. 123(R), such adoption would be considered a change in accounting principle. We continue to evaluate FSP No. 123(R)-3 and, accordingly, have not yet determined whether the alternative method will be utilized.

In February 2006, the FASB issued FSP FAS No. 123(R)-4, "Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement upon Occurrence of a Contingent Event". This position amends SFAS No. 123(R) to incorporate that a cash settlement feature that can be exercised only upon the occurrence of a contingent event that is outside the employee's control does not meet certain conditions in SFAS No. 123(R) until it becomes probable that the event will occur. The FSP is effective for the first reporting period beginning after the date the FSP was posted to the FASB website, which was on February 3, 2006; if in applying SFAS No. 123(R) an entity treated options or similar instruments that allow for cash settlement upon the occurrence of a contingent event in a manner inconsistent with the guidance in this FSP, then retrospective application

is required. We do not anticipate that FSP No. 123(R)-4 will have a material impact on our financial position or results of operations.

In February 2006, the FASB issued SFAS No.155, "Accounting for Certain Hybrid Financial Instruments—an amendment of FASB statements No. 133 and 140". This statement permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. This statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006 (January 1, 2007 for us). Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided that no interim period financial statements have been issued for the financial year. We do not anticipate that the adoption of SFAS 155 will have a material effect on our financial statements or our results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets". SFAS No. 156 amends SFAS No. 140. SFAS No. 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value. For subsequent measurements, SFAS No. 156 permits companies to choose between using an amortization method or a fair value measurement method for reporting purposes. SFAS No. 156 is effective as of the beginning of a company's first fiscal year that begins after September 15, 2006. We do not anticipate SFAS No. 156 to have a material impact on our financial position or our results of operations.

In April 2006, the FASB issued FSP No. FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)". The FSP addresses how a reporting enterprise should determine the variability to be considered in applying FIN 46(R). The variability that is considered in applying FIN 46(R) affects the determination of (a) whether an entity is a VIE, (b) which interests are "variable interests" in the entity, and (c) which party, if any, is the primary beneficiary of the VIE. That variability affects any calculation of expected losses and expected residual returns, if such a calculation is necessary. FSP No. FIN 46(R)-6 must be applied prospectively to all entities (including newly created entities) and to all entities previously required to be analyzed under FIN 46(R) when a "reconsideration event" has occurred, in the first reporting period beginning after June 15, 2006. We will evaluate the impact of this FSP at the time any such "reconsideration event" occurs and for any new entities created.

In July 2006, FASB released FASB Interpretation No. 48, "Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109" (FIN 48 or the "Interpretation"). FIN 48 is applicable to all uncertain positions for taxes accounted for under FASB Statement 109, "Accounting for Income Taxes" (FAS 109). FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that we have taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). Under the Interpretation, the financial statements will reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values. The new accounting model for uncertain tax positions is effective for annual periods beginning after December 15, 2006. We have not yet determined the impact of the adoption of FIN 48 on our financial statements, if any.

In September 2006, the FASB issued FSP No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities." This FSP amends certain provisions in the AICPA Industry Audit guide, "Audits of Airlines" to prohibit the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial reporting periods and makes this guidance applicable to entities in all industries. The FSP is effective for the first fiscal year beginning after December 15, 2006 and requires retrospective application for all fiscal years presented in the financial statements upon adoption. Early adoption as of the beginning of an entity's fiscal year is permitted. We

have not yet determined the impact of the adoption of FSP No. AUG-AIR-1 on our financial statements.

In September 2006, the SEC issued Staff Accounting Bulletin 108 ("SAB 108"). SAB 108 establishes an approach requiring the quantification of financial statement errors based on the effects of the error on each of an entity's financial statements and the related financial statement disclosures. This model is commonly referred to as a "dual approach" because it essentially requires quantification of errors under both of the widely-recognized methods for quantifying the effects of financial statement errors: the "roll-over" method and the "iron curtain" method. SAB 108 permits existing public companies to record the cumulative effect of initially applying the "dual approach" in the first year ending after November 15, 2006 by recording the necessary "correcting" adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings. We do not anticipate that the adoption of SAB 108 will have a material effect on our financial statements or our results of operations.

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans 'an amendment of FASB Statements No. 87, 88, 106, and 132 (R)' " ("SFAS 158"). SFAS 158 requires an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS 158 also requires the measurement of defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position (with limited exceptions). Under SFAS 158, we will be required to recognize the funded status of its defined benefit postretirement plan and to provide the required disclosures in its financial statements as of December 31, 2006. We do not anticipate that the adoption of SFAS 158 will have a material effect on our results of operations or financial condition.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We are currently evaluating the impact, if any that SFAS 157 will have on our results of operations or financial position. SFAS 157 is effective for us beginning as of January 1, 2008.

AIRCRAFT, ENGINE AND AVIATION PARTS INDUSTRY

Introduction

The information and data contained in this prospectus relating to the commercial aircraft industry has been provided by Simat, Helliesen & Eichner, Inc. ("SH&E"), an international air transport consulting firm, relied upon as an expert. See "Experts". SH&E has advised us that this information is drawn from its database and other sources and that: some information in SH&E's database is derived from estimates or subjective judgments; the information in the databases of other commercial aircraft data collection agencies may differ from the information in SH&E's database; and although SH&E has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited verification, audit and validation procedures, and may accordingly contain errors. The historical and projected information in this prospectus relating to the aircraft, engine and aviation parts industry that is not attributed to a specific source is derived from SH&E's internal analyses, estimates and subjective judgments.

Executive Summary

The business of owning, leasing and trading aircraft, engines and parts is influenced by several key industry drivers, including demand for air travel and aircraft and engine fleet development.

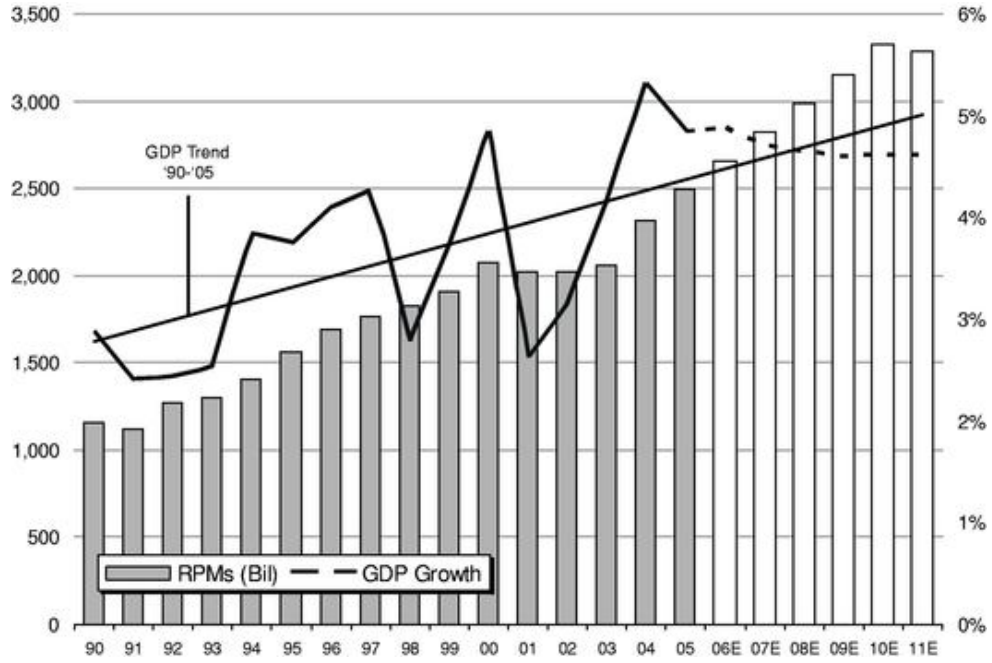
Key trends in the industry include:

- Increased demand for air travel due to continued liberalization of regulations in certain countries and rapid economic expansion in key emerging markets such as India and China;
- Strong aircraft and engine order books due to an aging world fleet and a trend towards more modern, fuel-efficient replacement aircraft;
- Restructuring in developed markets, resulting in an increased proportion of airline fleets held under operating leases;
- Substantial aircraft replacement requirements as airlines act to retire older, more inefficient aircraft from service;
- Increased demand for spare engines and parts required to maintain those aging aircraft and engine fleets that survive near-term replacement trends; and
- Increased demand for leased spare engines and parts as airlines seek to decrease capital expenditures and also from some Low Cost Carriers, or LCCs, as they absorb aircraft rejected by U.S. legacy carriers, such as US Airways, Delta, United and Northwest.

Industry Overview

Globalization and the continued expansion of free market economies in much of the developing world have led to increased demand for air travel. Between 1990 and 2005, global passenger traffic measured in Revenue Passenger Miles ("RPM": an RPM represents one fare-paying passenger transported one mile, and is the most common measure of air travel demand) increased by nearly 115%, or 5.2% per year, according to The Airline Monitor (January 2006). The Airline Monitor forecasts that air traffic will continue to grow an average 5.2% per year through 2025.

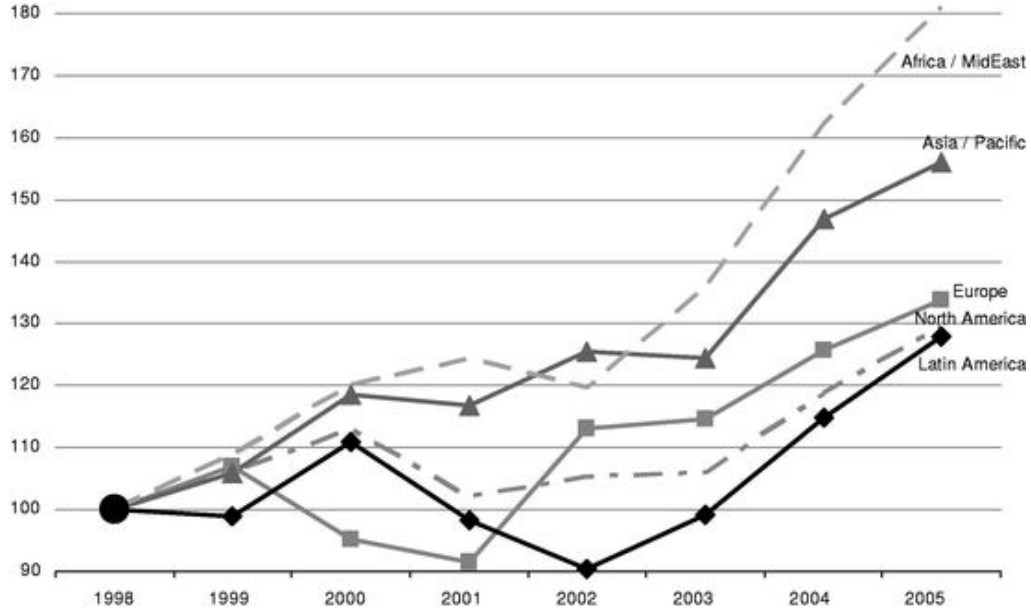
Historical and Forecast World Traffic (RPMs) and GDP Growth



Source: The Airline Monitor, January 2006 and International Monetary Fund ("IMF") World Economic Outlook, April 2006

Demand for air travel and freight is driven primarily by economic growth and competitive pricing. Aviation industry profitability has traditionally shown a strong correlation to gross domestic product growth, indicating that global and regional economic performance is a principal driver of air travel and air freight demand, and thus of aircraft demand. Over the past five years, a series of events, including the September 11, 2001 terrorist attacks in the United States, global economic recession, military actions in the Middle East, health concerns, surging fuel costs and several natural disasters have affected the demand for air travel and cargo capacity in different parts of the world. Despite these challenges, the global economy has expanded rapidly since 2002, driving sustained growth in worldwide air transportation demand. The graph below indicates that passenger demand in North America, Europe and Latin America has rebounded from the 2001 lows, while traffic in Asia, Africa and the Middle East, regions that are less dependent than Europe or Latin America on the U.S. market, have experienced steady growth since 1998. Similarly, freight traffic has shown strong growth due to the recovery in the global economy and the continuing growth of international trade. As a result of these positive trends, IATA's September 2006 forecast predicts airline industry operating profit to reach $9.8 billion in 2006 and $11.7 billion in 2007.

RPMs by Carrier Region, Indexed (1998 = 100)



Sources: 1998-2005 Airline Business and latest 2005 data based on IATA estimates

Strong economic growth over the last few years has been accompanied by increased competition among airlines and greater penetration of LCCs in the U.S., Europe and several emerging markets, which have exerted downward pressure on airfares and made air travel more affordable. Today, air travel is rapidly becoming a more accessible alternative to land transportation for a growing proportion of the world's population, especially in high-growth emerging markets.

Air Transport Demand Trends

Demand for new and used commercial aircraft is driven primarily by the requirements of the passenger airline industry. Boeing and Airbus both predict that over 96% of the new aircraft that they will sell in the next 20 years will be configured for passenger use, while only 4% will be designed for cargo transport. Historically, growth in the aircraft leasing industry has primarily been driven by fleet requirements of the major passenger airlines in developed regions of the world. Despite the relatively low level of recent new orders by the major U.S. airlines, several new factors are currently contributing to higher demand for aircraft and were the primary drivers for the 2005 surge in orders from manufacturers and commitments to operating lessors. These factors include:

- Rapid airline passenger growth in emerging markets;
- Emergence of LCCs globally;
- Industry restructuring in developed markets;
- Higher fuel prices; and
- Aging world aircraft fleet.

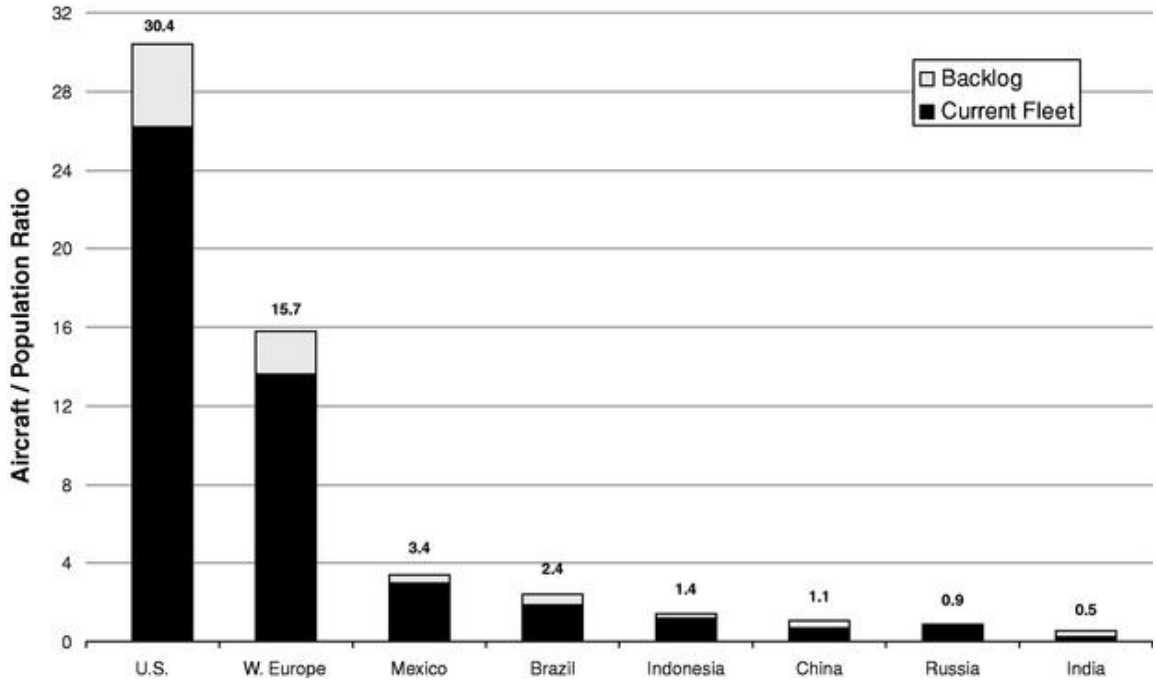
It is possible that such fundamental structural changes in the industry could result in less cyclical volatility and a longer upturn in the current cycle. Although many major airlines have had to limit aircraft acquisitions in recent years to focus on cutting costs, many are now in a position to capitalize

on the rising demand for air travel and will have increasing incentives to replace aging fleets in coming years.

Growth in Emerging Markets

Emerging markets, especially those with large populations distributed over a broad geographic area, tend to have very small commercial passenger jet aircraft fleets and order backlogs relative to total population size. Their low aircraft to population ratios, which are generally less than one-tenth the ratio of the U.S., highlight the growth potential in these markets. To the extent per capita income rises, driven by high GDP growth rates, it is reasonable to expect the fleet size of these markets to increase.

Ratio of Current Aircraft Fleet and Order Backlog to Population (aircraft / million of population)(1)



(1) The aircraft fleet excludes aircraft produced by Russian manufacturers.

Source: AvSoft UK Aircraft Analytical System ("ACAS") (April 2006) and IMF World Economic Outlook, April 2006

Asia/Pacific. Despite epidemics and natural disasters, Asian traffic, which was less affected by the terrorist attacks of September 11 than the U.S. and Europe, has experienced continued growth in recent years. The China market presents the primary growth opportunity in the region: passenger traffic growth has been very strong, with the number of passengers handled by China's airports reaching nearly 140 million in 2005, an increase of more than 15% from the prior year. Although medium-term growth in the China market may be temporarily constrained by infrastructure and capacity limits, the Civil Aviation Administration of China plans to invest over $17.4 billion in airport development and build over 40 airports to address these infrastructure needs over the next five years, according to Airline Business. According to ACAS, the current order backlog for Chinese airlines totals 546 aircraft, nearly all of which are expected to be delivered within the next 5 years.

India, a country with over one billion people representing 15% of the global population, has until recently experienced limited air service growth. The present strong traffic growth is expected to

continue, with India's GDP forecast to grow by 7.3% in 2006 and 7% in 2007, according to the IMF 2006 World Economic Outlook. Globalysis Ltd., a research and advisory firm, forecasts India's aviation market to be one of the fastest growing air traffic markets in the world for the years 2007-2008. The Globalysis research report forecasts growth in India's aviation market of approximately 28% in 2007 and 24% in 2008 for a total of 52 million passengers being carried in 2008. Similar to China however, future growth may be temporarily slowed by infrastructure limits and, in India's case, by bureaucratic inertia.

Japan, Asia's largest air travel market in terms of annual passengers, has greatly expanded its airline handling capacity and infrastructure. In addition, ongoing industry deregulation should pave the way for market stimulation through the advent of LCCs and increased competition.

Eastern Europe/Russia. Air travel growth prospects for Eastern Europe are very positive, with seven countries ranking in IATA's list of the top 20 countries with the highest compounded annual growth rates in passenger traffic for 2005-2009. This passenger growth is being driven by European Union enlargement, which has bolstered the region's economic growth, promoted liberalization in the aviation market, and encouraged the establishment of several LCCs.

In Russia, air travel demand is hampered by Russian airlines' difficulties in accessing the market for efficient, Western-built aircraft. The bulk of Russia's passenger aircraft fleet is currently made up of old and inefficient Soviet-era aircraft. Foreign aircraft purchases are currently subject to a 20% import duty and an 18% excise tax intended to protect the country's ailing aircraft manufacturing industry. Hence, the country's airlines do not have the flexibility to introduce fuel efficient aircraft. Russia's civil aviation authority estimates that a large number of the Soviet-era aircraft in service will face retirement by 2010, driving the need for an estimated 500 aircraft to fill the capacity gap. Nonetheless, economic realities may push Russia to become a significant growth market for operating lessors in coming years.

Latin America. Since 2001, most Latin American economies have experienced an economic upturn, according to the International Monetary Fund's 2006 World Economic Outlook. Several airlines in the region ceased operations in recent years, but the increased liberalization of domestic and international air transport markets has spurred renewed investment, reorganization and consolidation in the airline sector. Growth potential in large domestic markets such as Mexico and Brazil is substantial and several well-run carriers are taking advantage of this demand. Industry consolidation is expected to generate savings through economies of scale and expand the airlines' route networks, which should improve service levels and stimulate further traffic growth.

Africa/Middle East. Air traffic in Africa and the Middle East has also grown rapidly in the last ten years. Governments in Persian Gulf states such as the United Arab Emirates and Qatar have supported the development of airlines, including Emirates Airlines, Etihad Airways and Qatar Airways, resulting in the rapid expansion of these airlines into long-haul markets.

In response to growing demand from Africa, major European carriers have added capacity to serve this market.

Low Cost Carriers

The increasing presence of LCCs is generating additional demand for aircraft by creating new markets and stimulating traffic demand with low fares. Given the importance of high asset utilization and service frequency, LCC fleet growth has focused on efficient and reliable narrowbody aircraft such as the Airbus A320 and Boeing 737 NG aircraft families.

LCCs have existed since the early 1970s, when Southwest Airlines began service in the United States. However, the rapid development of LCCs began in 2000, when rising fuel prices and an economic slowdown in several major economies magnified the benefits of the low cost business model over the traditional network model. Although much of the early growth was in North America, the LCC presence has strengthened in other world markets, particularly Europe. In Great Britain, Ireland and parts of Western Europe, LCCs now represent a larger proportion of intra-regional capacity than

their peers in North America. The enlargement of the European Union in 2004 extended the fully-liberalized European marketplace, and opened new markets to LCC expansion.

While still far behind the levels seen in North America and Europe, LCC penetration in other regions is also growing significantly. LCC capacity share in Latin America has risen due to successful operators in Brazil, Central America and a new expansion of Mexican carriers. Meanwhile, Southeast Asia and Australia have seen significant penetration by LCCs, which are now spreading to other parts of Asia.

The new frontiers for LCC expansion in Asia are likely to be India and China. India, with its very large population and high number of urban population centers, is poised for LCC growth. As the Indian economy grows, it is expected that the country's accompanying air traffic expansion will be met by increased capacity on the part of existing and new start-up LCCs.

Industry Restructuring in Developed Markets

North America. The liberal U.S. bankruptcy laws have made it possible for a number of major U.S. carriers to avoid liquidation by operating and restructuring under bankruptcy protection. The protection afforded by Chapter 11 of the United States Bankruptcy Code has allowed major carriers such as United Air Lines Inc., US Airways Group, Inc., Delta Air Lines, Inc. and Northwest Airlines, Inc. to restructure their operations by reorganizing schedules, restructuring debt, rationalizing fleets, reducing labor costs, lowering pension liabilities and taking other steps that have enabled them to continue operating. As a result, the aircraft market has not been impacted by a sudden flood of aircraft being disposed of in liquidation. In addition, airlines that have been operating under Chapter 11 protection generally have relatively old fleets, and have not ordered new aircraft. As they recover, these carriers are expected to replace their existing fleets over time with more modern, fuel-efficient aircraft.

European Network Carriers. Large European network carriers, particularly Lufthansa, Air France and British Airways, have achieved significant cost savings in conjunction with material revenue growth improvement by concentrating on more lucrative long-haul operations rather than marginally profitable short-haul flights. All three carriers have recently expanded operations to India and East Asia, especially China.

The airline industry in developed markets is expected to continue its restructuring efforts to lower costs and improve labor and asset productivity with the goal of returning to profitability in a new environment that is experiencing greater LCC penetration rates and persistently high fuel costs. Assuming the industry can achieve financial stability and current traffic forecasts are accurate, demand for aircraft should continue to rise as airlines in developed markets seek to capitalize on the growing demand for air travel.

Fuel Prices

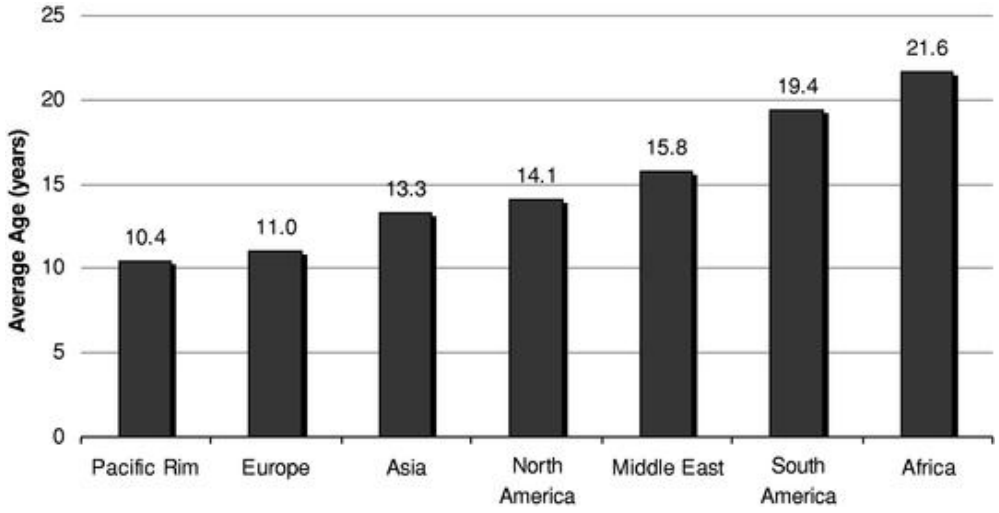
Increased energy prices have counteracted many of the efficiency gains and cost-cutting efforts undertaken by airlines since 2001. The U.S. Department of Energy reports that New York jet fuel prices increased by 143% between September 2003 and September 2006 in U.S. dollar terms and 116% in Euro terms, after peaking in July 2006 at 190% and 157%, respectively.

Adjusting to high fuel prices will continue to present a challenge to the airlines, since fuel prices are largely beyond their control, at least in the short term. Airlines can control their fuel costs by entering into oil/fuel hedges, implementing fuel surcharges and ensuring that fuel efficiency is a major determinant in fleet acquisition decisions. The rising cost of fuel is leading to an acceleration of the replacement of older aircraft with modern, more fuel-efficient aircraft.

Aircraft Retirement

Airlines order new aircraft not only to grow their businesses, but also to replace older less-efficient aircraft in their fleets, and current high fuel prices are accelerating such replacements. Many airlines in the United States have aging fleets that will require substantial replacement in the next few years and the large number of Russian-built aircraft still in operation will also generate a substantial replacement requirement. Approximately 23% of the global commercial jet fleet, or over 4,000 aircraft, is in excess of 20 years of age. The graph below sets forth the average age by global region.

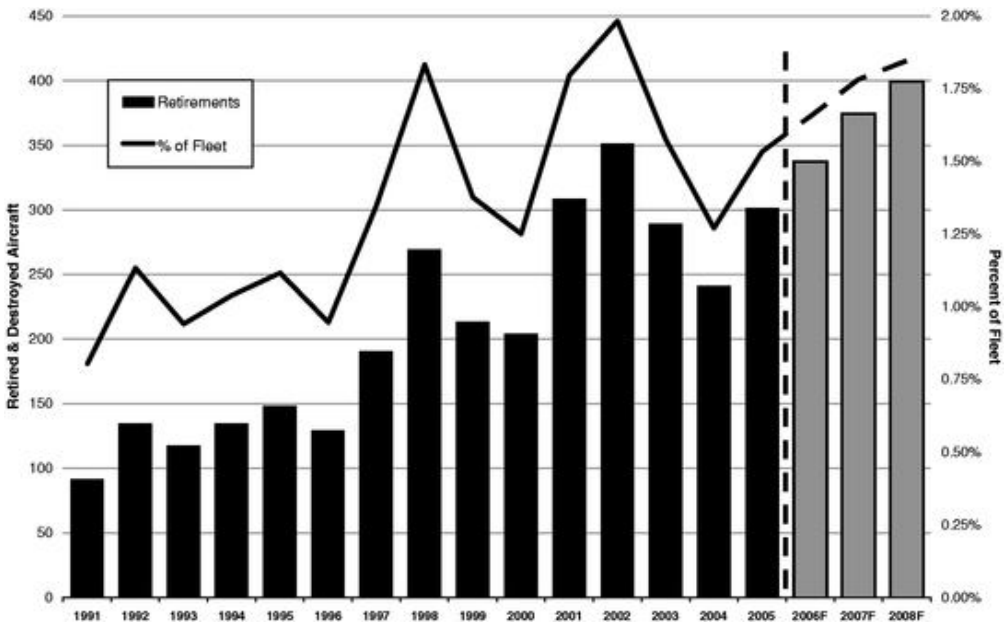
Commercial Jets—Average Fleet Age—2006



Source: ACAS, April 2006

According to ACAS, as of June 2006, there were nearly 2,400 aircraft currently parked in temporary or permanent storage. SH&E believes less than 600 of these have the potential to re-enter commercial airline service, while the remainder should be considered obsolete. As shown in the graph below, the number of aircraft being retired from service or being scrapped for parts spiked during 2001 and 2002 and is again trending upwards as carriers act to rationalize fleet requirements. SH&E expects a continued increase in the retirement rate and forecasts between 350 and 400 retirements in each of the next three years. This forecast accounts for aging aircraft in active service and also assumes that a large proportion of the currently parked aircraft fleet is effectively already retired. The retirement forecast excludes Russian built jet retirements due to limitations in fleet data.

Historic and Forecast Annual Jet Aircraft Retirements

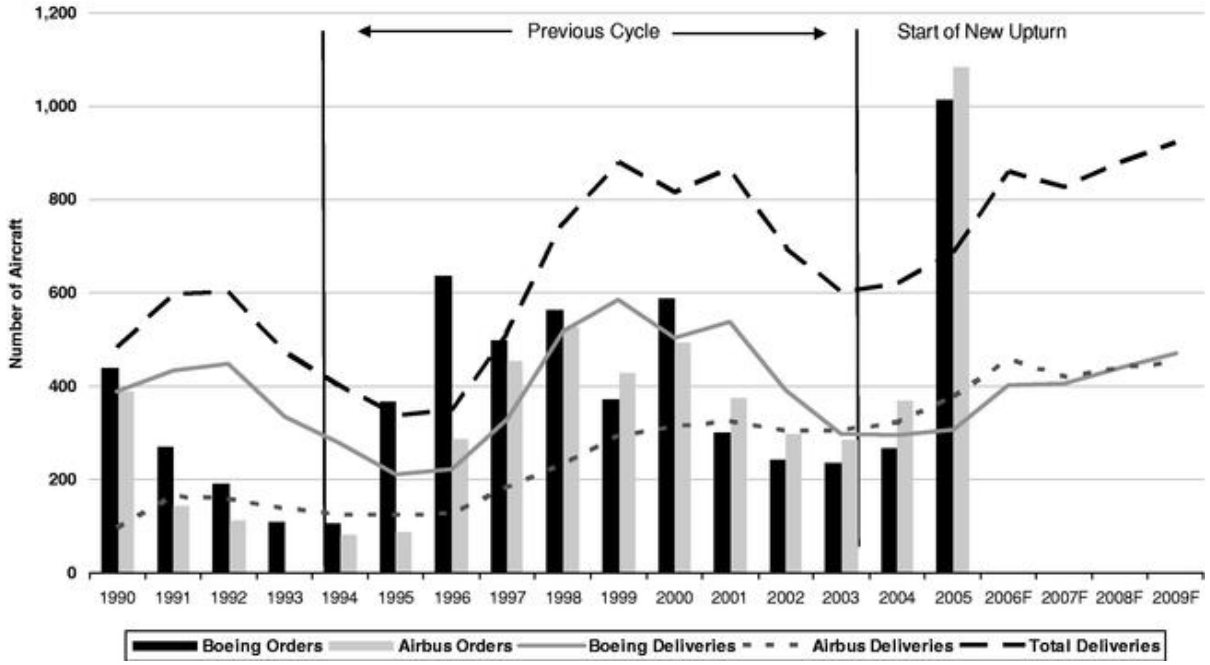


Source: Historical: Airline Monitor January 2006, Forecast: SH&E

Aircraft and Engine Fleet Development

The airline industry's financial challenges in 2001-2003 impacted aircraft and engine manufacturers. Airbus, Boeing, Pratt & Whitney, General Electric and Rolls-Royce had to implement production cutbacks during that period. While neither Boeing nor Airbus experienced a high number of outright cancellations during the downturn, they had to manage the deferment of deliveries and adapt to much lower levels of new orders. However, the recovery of the economy and the rising demand for travel have pushed aircraft orders to record highs in 2005, suggesting the beginning of a new business cycle.

World Aircraft Orders and Deliveries (1990-2005 and delivery forecast through 2009)



Source: ACAS, April 2006

The order backlog for new aircraft reached a peak in 2000, but then declined continuously through 2004. The surge in orders during 2005, however, has led to an increase in backlog: net combined orders for Boeing and Airbus grew from only 520 in 2002, the lowest total since 1994, to over 2,000 in 2005.

Yearly Percentage of Jet Aircraft Order Backlog of Total Fleet

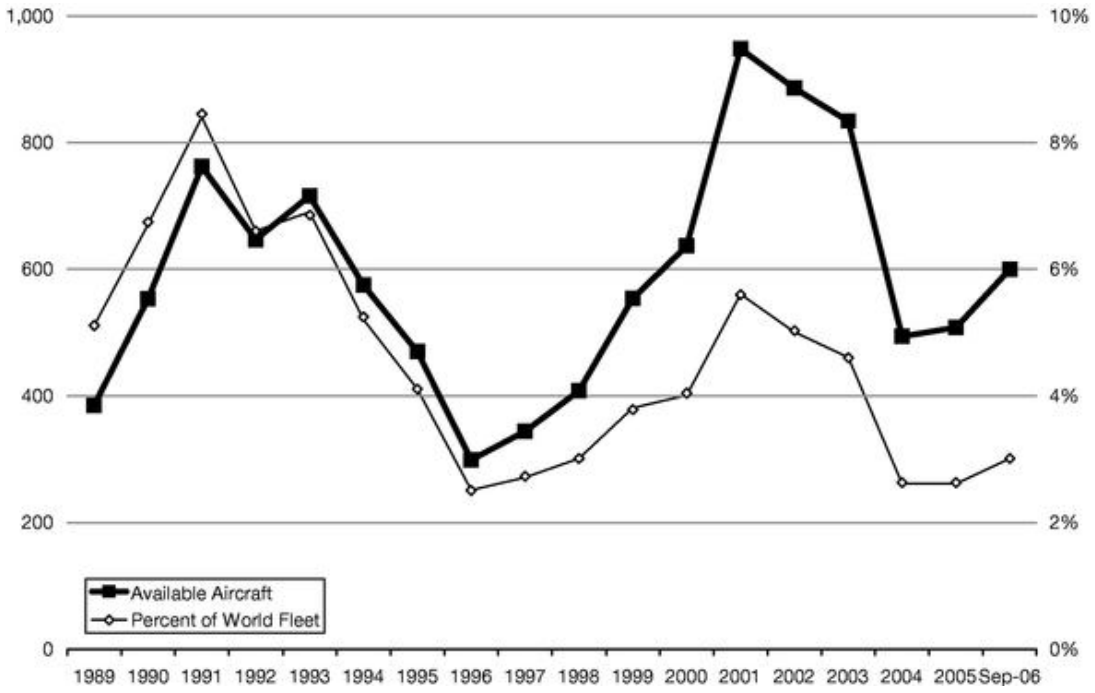
	Year ending December 31,						
	2000	2001	2002	2003	2004	2005	2006*
Order Backlog	4,877	4,592	3,886	3,663	3,608	4,469	4,610
Commercial Jet Aircraft Fleet	15,883	16,847	17,548	18,205	18,927	19,647	19,837
Backlog as % of Fleet	31%	27%	22%	20%	19%	23%	23%

Source: ACAS, April 2006
* 2006 is as of March 31, 2006. Fleet data includes regional jets and parked aircraft.

As further evidence of the growing demand for additional capacity, the number of available used aircraft has declined steadily since 2002. The percentage of the world fleet that was available for sale or

lease at the end of 2005 fell below 3%, nearing the lows experienced in 1996. Such supply shortages are generally leading to higher lease rates and trading prices. For a number of aircraft types, particularly the A320 and 737, which are highly favored by LCCs, supply is very limited and there is some concern that manufacturers will not be able to satisfy demand in the near term.

Total Used Aircraft Available for Sale or Lease



Source: BACK Aviation Solutions, JetMart April 2006 and ACAS April 2006

As of mid-2006, the current world commercial jet fleet comprises nearly 20,000 aircraft, of which approximately 23% are widebodies, 60% are narrow-bodies, and 17% are regional jets. Of these 20,000 aircraft, 44% are operated by North American carriers, 25% by European carriers, 17% by Asia/Pacific carriers, 8% by African/Middle Eastern and 6% by Latin American carriers. The world's most popular new technology jet aircraft type is the Airbus A320 family (i.e., A318, A319, A320 and A321), with nearly 2,700 in operation, followed by the Boeing 737NG, with over 1,800 aircraft in service. The most popular widebody aircraft is the Boeing 747, with over 1,060 in service, followed by the Boeing 767, with over 910 aircraft. The ratio of widebody aircraft to total fleet (excluding regional jets) has remained relatively constant over the last ten years, averaging about 28%.

Of the 4,600 confirmed orders, 27% are for widebodies, 64% for narrowbodies, and 9% for regional jets. Nearly half the orders have been placed by legacy airlines, with 28% by LCCs, 16% by lessors, and 5% by the government of the People's Republic of China. Over 34% of the orders with assigned operators (i.e., excluding lessor orders for which operator data is unavailable) are destined for North America, 30% for Asia/Pacific, 24% for Europe, 7% for Africa/Middle East and 6% for Latin America.

The aggressive growth of LCCs in both developed and emerging markets has generated some of the highest profit margins in the industry, and has created the need for significant quantities of new aircraft. Consequently, LCCs currently hold 30% of outstanding aircraft orders, primarily for narrowbody aircraft such as the Airbus A320 family and the Boeing 737NG.

World Fleet Outlook

The global commercial jet fleet is expected to increase significantly over the next two decades. Boeing, in its 2006 Current Market Outlook, forecasts that by 2025, the world fleet will reach 35,970 aircraft, of which 27,370 will be mainline passenger jets, *i.e.*, those with 90 passenger seats or more. Airbus, in its most recent Global Market Forecast published in 2004, forecasts a fleet increase to 25,375 total aircraft by 2023, of which 21,759 will be mainline passenger jets. Even accounting for the difference in forecast end dates (estimated 2,000-2,500 aircraft differential), the two manufacturers have a clear divergence in market expectations. The two manufacturers have very similar forecasts of global traffic growth, so the difference in deliveries results from differing views held on the future market for very large aircraft. The table below indicates that Airline Monitor predicts a higher number of deliveries relative to Boeing. This is primarily due to higher annual traffic growth assumptions used in by Airline Monitor.

Projected Commercial Aircraft Fleet Growth

Period	Airline Monitor 2006-2025	Boeing 2006-2025
Projected Total Fleet	42,038	35,970
Additions—Growth	23,352	17,630
Additions—Replacement	6,546	9,580
Total Additions	29,898	27,210
Additions per Year*	1,495	1,361

Sources: Boeing Current Market Outlook, 2006;
The Airline Monitor, January 2006 NOTES: Airbus has not released a forecast since 2004

* SH&E research indicates that combined deliveries from Boeing and Airbus will exceed 800 aircraft in 2006.

World air cargo traffic is expected to grow as a result of expanding world trade and increased globalization. Boeing and Airbus forecast average annual growth rates of 6.2% and 5.9% respectively over the next 20 years. To accommodate this growth, and to supplement the air cargo capacity of passenger aircraft, the world freighter fleet is expected to more than double over the same 20-year period, with Boeing and Airbus predicting freighter fleet size of 3,456 and 3,616 aircraft respectively. Both manufacturers expect three-quarters of new freighter fleet additions to be created through the conversion of existing passenger aircraft.

Passenger-to-freighter aircraft conversion opportunities have traditionally supported residual values for certain aircraft types, and have extended the useful economic lives of converted aircraft up to 35 years from the original manufacture date. On average, passenger aircraft are converted after about 15 years of service, but the actual age of conversion and subsequent useful life is also affected by the number of flight cycles that the aircraft has flown.

World Engine Market Outlook

The expected air travel and air freight demand growth in emerging markets, particularly China and India, the continued development of LCCs, and ongoing fleet renewal at legacy carriers are driving increased demand for commercial aircraft, and consequently for aircraft engines. Rolls-Royce, a leading engine manufacturer, forecasts commercial jet engine deliveries totaling 62,838 worth $495 billion, including spares, through 2025. Based on Rolls-Royce's forecast delivery rate, the number of jet engines in service will more than double from approximately 44,705 in 2006 to 90,614 in 2025.

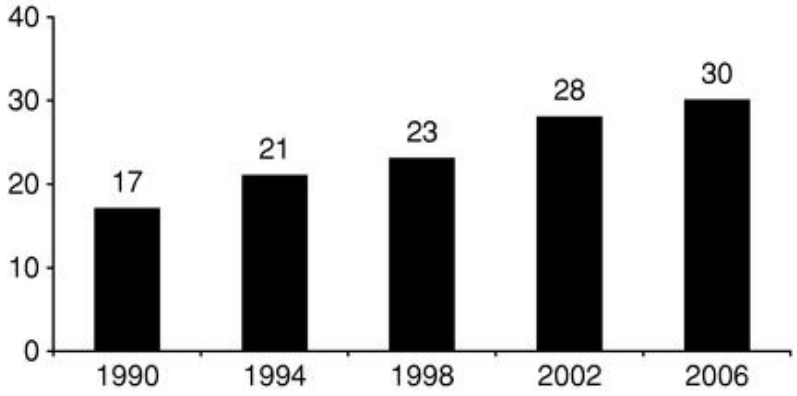
Aircraft Leasing Industry

Once airlines have determined the need for additional aircraft capacity and placed orders for new aircraft, they need to find ways to efficiently finance the acquisitions. Whether purchasing new or used aircraft, very few airlines have the internal cash available to self-finance aircraft acquisitions. Thus, most airlines seek financing from several sources, including traditional bank debt, export credit guarantees, tax leases, capital markets and operating leasing.

Over the past 20 years, the world's airlines have turned to operating leases for an increasing share of aircraft financing requirements. Airlines are attracted to operating leasing for a variety of reasons including low capital outlay requirements, fleet planning flexibility and residual value risk avoidance. Furthermore, operating leasing is often the preferred choice for start-up carriers and LCC's because it lowers barriers to entry. During 2002 to 2004, while many banks significantly reduced their airline exposure and it became more difficult for airlines to obtain financing through the capital markets, operating lessors effectively acted as the lenders of last resort to the industry, maintaining vital liquidity in an otherwise challenging market environment.

ACAS and Airclaims fleet data indicates that the proportion of the global fleet owned by operators declined from 71% in 1990 to 54% in 2005. While the remaining 46% of the commercial jet fleet is under some form of lease agreement, approximately 30% currently meet the requirements for operating lease treatment. SH&E believes that operating leasing will continue to expand and that 40% of the global fleet will be subject to operating leases over the course of the next decade. The following table sets forth the percentage ownership of the global commercial aircraft fleet shifting to operating lessors.

Percent Ownership of Global Commercial Aircraft Fleet Shifting to Operating Lessors (%)



Source: Airclaims as of September, 2006

Competitive Landscape

The growth of aircraft leasing has been spurred by the entry of a wide range of financial institutions into the leasing market.

Top Aircraft Operating Lessors, Fleet Size and Order Backlog

Lessor	Aircraft Owned /Managed	Lessor	Backlog
GE Commercial Aviation Services	1,663	International Lease Finance Corporation	281
International Lease Finance Corporation	858	GE Commercial Aviation Services	195
Boeing Capital Corporation	294	**AerCap**	**82**
Pegasus Aviation	228	CIT Group Inc.	52
AerCap	**223**	RBS Aviation Capital	42
Aviation Capital Group	206	Singapore Aircraft Leasing Enterprise	33
CIT Group Inc.	198	Other	54
RBS Aviation Capital	182		
GATX Corporation	170	**Total**	**739**
AWAS	154		
Babcock & Brown Aircraft Management	150		
Pembroke Group Ltd.	89		
Singapore Aircraft Leasing Enterprise	79		
ORIX Aviation Systems Ltd.	61		
Sumisho Aircraft Asset Managers B.V.	43		
Total - Top 15	**4,598**		

Source: Airclaims Survey, ACAS April 2006

As the aircraft leasing market has recovered, there has been significant activity and interest in lessor acquisitions by a variety of strategic and financial buyers. In addition to the 2005 Acquisition, other merger and acquisition activity includes Aviation Capital Group's ("ACG") acquisition of Boullioun Aviation Services in early 2005 and in May 2006, Terra Firma's acquisition of AWAS for $2.5 billion plus the assumption of certain liabilities. Major players such as RBS Aviation Capital have grown organically through sale-leaseback transactions and only recently committed to new aircraft orders from Airbus and Boeing.

Today, the leading operating lessors have a global reach. Although the majority of the fleet under operating leases is placed with North American and European operators, Latin America has the highest percentage of aircraft under lease, followed by Asia, Europe and the Pacific Rim.

Regional Allocation of Operating Leasing and Operating Lease Penetration

Regions	Regional Allocation of Global Operating Leases	Share of Fleet Under Operating Lease
Europe Including CIS	34%	46%
North America	29%	22%
Pacific Rim	17%	36%
Latin America	11%	57%
Africa	4%	34%
Middle East	3%	26%
Asia	3%	52%

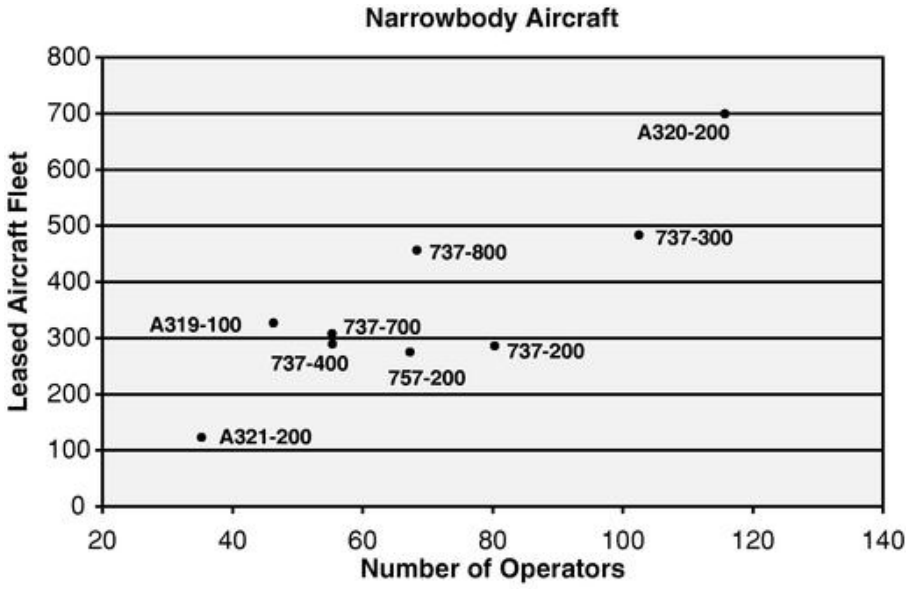
Source: ACAS, April 2006

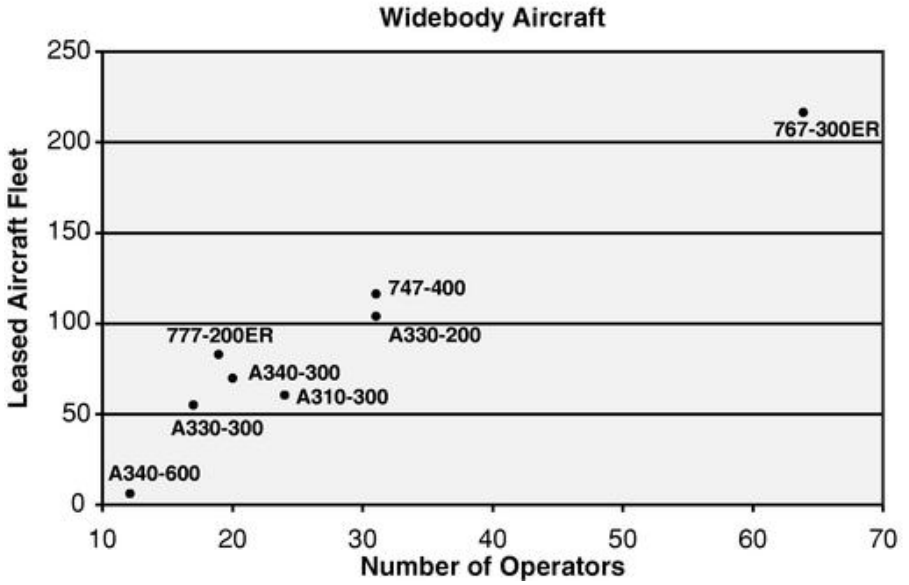
Asset Selection

The ability for aircraft leasing companies to earn stable returns is dependent on asset liquidity and asset management capability. A lessor generally earns profits when the present value of the lease revenues and future aircraft sale value exceeds the original purchase price of the aircraft and the expenses involved between leases. The entry price is dependent on prevailing market conditions and the relative bargaining power between buyer and seller. Maximizing residual value and rental revenue, however, requires appropriate asset selection, an understanding of the current market for specific aircraft types, anticipation of trends that may impact aircraft value over a given investment horizon and the ability to execute various asset monetization and disposition strategies. Such strategies vary, according to the age and the relative desirability of the asset but include re-leasing, selling or dismantling to obtain the constituent components. Leasing is a cash flow business and key objectives include: management of lease revenue stream, smoothly transitioning aircraft between lessees in order to minimize off-lease time, minimizing refurbishment or reconfiguration costs by keeping assets relatively standardized and minimizing risk by predicting impact of maintenance exposures and expected lease return conditions.

As previously noted, the leasing industry is exposed to the air transport demand cycle. Lessors can mitigate exposures to aircraft market risk and asset specific risk by working to select appropriate assets for purchase. When selecting assets to purchase, lessors typically focus on those aircraft with the highest market liquidity. These tend to be the newer, highly standardized narrowbody aircraft such as A320s and 737s. For each aircraft/engine model, the prospective buyer must understand the breadth (number of operators) and depth (number of aircraft) in the market, the share of the fleet in storage, current aircraft availability and trading activity of used aircraft. In addition, important considerations for the residual value of aircraft relate to levels of product support, whether the aircraft remains in production or has replacement technology on the horizon, potential for freighter conversion or other secondary uses, and relative operating economics. As of April 2006, operating lease penetration was 38% for narrowbody aircraft and 26% for widebodies. The most popular operating lease aircraft model is the A320-200 with 696 currently on operating lease with 115 operators. The Boeing 737-800, in comparison, has 457 on operating lease with 68 operators.

Operating Lease Depth and Breadth, by Model





Source: ACAS, April 2006

Aircraft Lease Rates

Aircraft operating lease rates can be viewed as a market-clearing mechanism in that they reflect current supply and demand. Lease rates depend upon the type of lease, interest rates, tax liabilities, lease term, value of the aircraft at lease inception, the forecasted residual value of the aircraft at lease termination and the credit quality of the lessee. During the downturn of 2002 and 2003, lessors showed considerable pricing flexibility, and often entered into short-term leases at reduced rates in order to keep assets deployed. Now that global passenger traffic is recovering, lease rates are firming substantially, and lessors are able to realize lease rates at or above pre-September 11 levels on certain

aircraft types. While leasing is exposed to the cyclical fluctuations of air transport, stable and mature companies have the planning, portfolio management and technical capability to earn returns throughout the cycle.

While rentals for used aircraft such as newer 737 Classics and 767-300ERs are increasing relative to their 2003 lows, lease rates of older aircraft approaching obsolescence appear to have suffered a more permanent reduction since September 11. In general, older aircraft have not recovered much of their value, and are becoming increasingly difficult to place. The attraction of the superior operating economics of the latest generation of narrowbody transports is compelling, especially in light of current high fuel costs. For a number of aircraft types, particularly the A320 and 737NG, which are highly favored by LCCs, supply is limited, and there is some concern that manufacturers will not be able to satisfy demand in the near term. Lease rates for newer narrowbody aircraft will consequently continue to rise over the next few years. Demand for widebody aircraft types, such as the 767-300ER, is exceptionally strong and cannot be met by current aircraft availability. These aircraft may generate very high returns in coming years, but face greater risk of low lease rates and residual value performance during the next market trough as airlines replace their existing aircraft with more modern aircraft. Demand for middle vintage narrowbodies, such as 737 Classics and 757-200 will likely remain firm, but potentially experience greater volatility over the next several years.

Although lease rates are closely correlated to global economic conditions, rates for a particular aircraft generally hold steady in nominal terms for a long period, then fall quickly once the aircraft type faces large scale replacement. Once replacement technology for the aircraft in question is established in the market, the aircraft's lease rates typically decline quickly and permanently. Lease rates are also particularly responsive to interest rates, and the very significant drop in both short- and long-term interest rates from 2002 to 2004 contributed to lower lease rates. Thus, some of the recovery in lease rates over the last year was caused by the increasing cost of capital.

For many aircraft types, reductions on the supply side, have led to an increase in lease rental rates and, in certain cases, aircraft values. Historically, growing demand for a particular aircraft and resulting higher lease rates has correlated strongly with increased market value. Trading values normally lag lease rate movement, and it is expected that some aircraft will see a limited increase in value over the coming few months.

Lease rate factors, which measure the relationship or ratio between lease rates and aircraft prices, tend to rise as aircraft age, and they also vary with lease term length. Lease rate factors for newer aircraft are lower than those for older aircraft, due to the increased risk associated with older aircraft. Older aircraft tend to be operated by less credit-worthy airlines and residual value performance is a much more important component of overall return. Moreover, lease rental volatility tends to be greater for older aircraft and they exhibit a larger percentage change in lease rates from cycle peak to cycle trough.

Engine Leasing Industry

For the same reasons that aircraft leasing is becoming increasingly prevalent, the spare engine leasing market is also growing rapidly. Operators require spare engines to ensure that their aircraft are not grounded due to planned or unplanned engine maintenance requirements. In addition, as engines become more expensive, operators are increasingly entering into operating leases rather than owning their spare engines.

Spare Engine Demand

While total installed engine demand is a function of the number of aircraft in the fleet, spare engine demand is dependent upon an array of factors. Many of these factors are unique to the specific engine type, fleet age, operator base and engine shop visit rates. The largest driver of spare engine

demand is the number of annual engine hours operated, which in turn is a function of the fleet size and utilization patterns for a specific aircraft/engine type. The general consensus in the engine leasing industry, however, is that the spare engine population is 10 to 15% of the installed engine fleet; or between 4,200 and 6,200 engines.

As engines reach maturity, their off-wing maintenance requirements increase and a higher ratio of spare engines is required to support the installed fleet. As a result, spare engine demand for a given fleet of engines will continue to increase once the platform fleet type has ceased production. Spare engine leasing therefore tends to be most active from the time production ends until the relevant platform aircraft type is retired in large numbers.

An additional driver of the engine demand occurs when large fleets of a given aircraft type are moved from major airlines to a larger number of smaller airlines throughout the world. This creates a demand for more spare engines to support the smaller and more geographically dispersed fleets though smaller carriers are beginning to find ways to mitigate such inefficiencies through spare engine pooling and other logistics support programs.

Engine Operating Leases

Today's aircraft operators have a large number of products to choose from to provision their spare engines, ranging from outright ownership, short and long-term operating leases, support through MRO total care contracts and a variety of other solutions. As with aircraft, engine operating leases are appropriate for those operators that have difficulty raising funds for equipment purchases, have better uses for their capital or do not want to have additional debt on their balance sheets. Engine operating leases can be as short as two months or as long as 15 to 20 years, depending on operator requirements. Short-term leases typically average three to six months in duration and are used as stopgap measures to cover individual engines while they undergo shop visits, while long-term operating leases are used by airlines with fleets of a sufficient size to warrant full-time spare "engine coverage". The operating lease arrangement allows maximum spare engine utilization and permits the lessee to use off balance sheet financing. Engine leasing companies can typically extract higher lease rates for short-term leases, since there is typically a more immediate operator need. Furthermore, such leases almost always require maintenance reserve payments, so in many cases the lessor can achieve better protection for assets in short-term lease pools.

Competitive Environment

Engine lessors can loosely be categorized as those affiliated with the Original Equipment Manufacturers ("OEMs"), independent engine lessors, MRO providers and financiers/investors. A significant number of smaller lessors also participate in the market, but primarily for older engines that require less capital and are likely to be disassembled and sold for their component parts at the end of the lease term.

While the three primary engine manufactures have long had engine leasing divisions to support their products, their assets were typically leased for short terms, and the primary role of such leasing divisions was not to finance engines for customers. Over the last 15 years, however, OEM leasing divisions have grown significantly and are increasingly becoming independent profit centers that provide short and long-term spare engine provisioning options to customers.

While engine leasing requires significant technical knowledge and asset management ability, in several ways it entails lower business risks than aircraft leasing. For example, the demand for spare engines is less sensitive to airline profitability and engine lessors typically face lower remarketing risk. As with aircraft, engine lessors are expected to seek to participate in the most liquid markets; engine types with high usage rates and wide operator bases. Other factors important to asset selection are the long-term utility of host aircraft and availability of third-party MRO facilities. The liquidity and

continuous maintenance needs of the fleet of CFM56-3 and -5 engines that power 737 Classics and A320s respectively, make these some of the most attractive leasing assets.

Engine Values and Lease Rate Trends

With appropriate maintenance and care, an aircraft engine has a considerably longer life than that of an aircraft airframe. Engines can be restored to nearly new condition through maintenance while airframes cannot.

Aircraft engines may be categorized by the maximum amount of thrust they produce, and all else being equal, the value of engines are strongly related to this maximum. This manifests itself in a strong and direct relationship between new engine list prices and takeoff thrust. Used engine values however, are dependent upon a large number of factors which must be considered for each engine. Maintenance costs, fuel burn, ease of remarketing, and expected useful life, among other factors, are considered in determining the value of an engine model. The value of a specific engine is dependent on even more factors, including the condition of the parts in the engine, the time the engine can be expected to operate before needing scheduled maintenance, and open mandatory compliance maintenance tasks.

The general value trends for engines can be characterized by breaking up the asset lifecycle into three phases. The first phase of production is characterized by continued strong new engine demand with used engine values increasing slightly faster than the rate of inflation in accordance with engine manufacturer escalation rates for new engines. When strong demand for the platform aircraft falls off, the asset enters the second phase and the installed engine fleet enters a relatively long period characterized by stable supply and demand, and the slight depreciation of the engine value is offset by inflation. As demand for the aircraft that the engine supports falls due to obsolescence, engines begin to lose value quickly and in many cases are more economical to disassemble into parts than undergo maintenance. An engine's value is comprised of two liquid components, the shop visit and Life Limited Parts ("LLPs"), and the remainder of the engine, or core.

The engine disks that rotate at high speeds are subject to high mechanical stresses and to ensure their safety, manufacturers limit the number of cycles these critical parts can be utilized. Upon reaching the limit, these LLPs must be removed from the engine. The large physical size of the parts, elaborate manufacturing processes, and exotic metals result in the parts being very expensive. With LLP set prices ranging from $1.5 million to more than $7 million for modern aircraft engines, the status of the LLPs in the engine contributes significantly to engine value.

High temperatures in the turbine cause airfoil wear which decreases engine efficiency, requiring them to be replaced at engine shop visits. Although perhaps not individually expensive, modern aircraft engines typically have 1,000 to 2,000 airfoils that are expensive in aggregate to replace, and so the time since the last performance restoration exerts a strong influence on engine value.

The core engine value accounts for the remainder of the engine value, including the non life-limited parts and engine data plate, and is most strongly linked to engine demand for the engine type. As the engine moves from Phase I to III, the value provided by the liquid components increases as a percent of the total engine value. Engine leasing companies can typically extract higher lease rates for short-term leases since there is typically a more immediate operator need, a requirement to amortize transaction costs over a shorter term and a greater risk of technical issues arising at lease return. Lease rate factors are generally higher for older engines given the relatively higher re-marketing risk and asset management requirements.

Spare Parts Trading Market

Demand for used aircraft parts is tied directly to utilization of the aircraft that the spare parts support. Higher aircraft utilization leads to greater wear on components, which results in more frequent

part replacements, repairs and overhauls. The airframe and engine parts aftermarket is comprised of a few large companies including Material Services, AAR Corp, Volvo Aero and AirLiance, several well established mid-size companies such as AeroTurbine, Kellstrom and the Memphis Group as well as many small niche participants. All of these companies tend to buy surplus equipment from OEM's or airlines and resell it to airlines, MRO facilities or to other parts companies. Numerous companies purchase complete aircraft and engines to dismantle them for parts (a process known as "part out").

Most parts companies hold their inventories in the condition or state in which the parts were acquired; new if purchased as surplus from an OEM or in an "as-removed" condition if removed from an aircraft. The as-removed condition is by far the most prevalent for parts found in most third-party inventories and these parts must be fully checked by a certified and qualified repair facility before they can be installed on another aircraft. Parts companies will typically send a limited number of removed parts out to a vendor for testing or overhaul and subsequently hold them in stock in "serviceable" (serviceable parts are in condition satisfactory for installation or use in an aircraft, engine or another spare part or appliance) or "overhauled" (overhauled parts have been repaired and tested to defined overhaul standards specified by the manufacturer) condition ready for immediate sale. Parts traders can generally achieve the highest margins for serviceable material in situations in which an airline has an aircraft grounded due to a lack of internal spare part availability and will a pay high price order to get the aircraft back into revenue service. Parts companies must balance such margin potential with the cost of repairing and holding inventory.

During the recent cyclical downturn, many parts companies experienced distress following airline reductions of capacity through retirement, temporary storage, and reduced aircraft utilization. Parts suppliers found themselves holding large parts inventories for which there was suddenly limited demand and increasing supply. The resurgence in capacity and aircraft utilization in the last several years has increased demand for spare parts for those aircraft types that have experienced increased utilization. In particular, the demand has been increasing for spare engines and both used aircraft and engine parts to support the relatively modern but aging B737 Classic fleet and early production A320 family fleet. Demand for parts of certain older aircraft types that have not been returned to active service continues to wane. In addition, the continuing rebalancing of the world fleet from older aircraft toward less maintenance-intensive newer-generation aircraft has placed strain on some spare parts aftermarket suppliers.

Some aftermarket parts companies have additional business lines in addition to trading aircraft and engine spare parts and many MRO companies also participate in the secondary parts market.

For all aftermarket parts companies, there are several sources of product other than buying from other parts companies. Material can either be obtained from airlines, lessors, other parts companies, and manufacturers selling surplus inventory or from dismantled aircraft and engines. These dismantled aircraft or engines, otherwise known as "part-outs," are invariably of two categories: (1) either they are approaching the end of their useful economic lives, and it has become economically viable to part them out and sell piecemeal rather than remarketing as a whole unit or (2) they have been assessed as a total constructive loss following a major accident.

For most commercial aircraft, airframes first become potential part-out candidates after they have been in service for about 16 years. Thus, for aircraft and engine types that have been in service for less than that length of time, there is a limited supply of material other than from the OEMs, while most aircraft will continue to operate beyond 25 years before they are permanently retired from service. However, once an aircraft or an engine type has been in service for more than about seven years, there is an increasing demand for spare parts as airframe and engine maintenance requirements increase dramatically. Thus for a period of approximately ten years, there is burgeoning demand for product, and a limited supply from the aftermarket. Several companies supporting the spare parts aftermarket have positioned themselves to take advantage of such demand by acquiring inventories of parts for

modern aircraft fleets currently in production, such as Airbus A320, Boeing 737NG aircraft, Boeing 777 aircraft and their corresponding engine types. Demand for these parts is expected to remain strong due to the limited supply aftermarket supply.

Industry Trends

The outsourcing of heavy airframe checks is fairly well established but the outsourcing of component maintenance and parts inventory management is accelerating. Many LCCs are continuing to lead the trend towards further outsourcing, and are signing up for inventory management and component maintenance packages.

Airlines benefit from such spare part leasing agreements because management of the entire supply chain is outsourced. Leasing spares is an attractive alternative because the vendor is responsible for inventory replenishment and component repair. The cost of these services is included in a monthly lease fee or "power-by-the-hour" agreement permitting airlines to focus on their core business of transporting passengers and freight. Such industry trends suggest that airlines continue to seek total solutions to streamline inventory logistics, supply chain management and maintenance services.

Continued outsourcing, parts pooling and other supply chain improvements are continuing to decrease the inventory levels held by operators. According to AeroStrategy, a United Kingdom- based consultancy, in 2004 operators held only 60% of MRO inventory compared to nearly 80% in 1997.

Another developing trend in the parts business, and one that will primarily impact OEM parts pricing, is the growing acceptance of Parts Manufacturing Approval (PMA) parts. However, the role of PMAs will grow as these parts gain further acceptance as airlines and MROs strive to keep a lid on rising costs. While switching to vastly cheaper PMA parts would improve airline operating costs, airlines fear stigma and bad press associated with use of PMA parts and, in addition, many investors are concerned that residual value is affected by the use of PMA parts

In sum, the aftermarket parts trading business is expected to continue to evolve towards further consolidation as companies search for synergies and complements to other business lines. There is a current trend of supply chain integration and logistics support in the maintenance industry, and the increasing penetration of operating leasing supports this growing trend.

Asset Management & Values

Asset Management

To the extent that the commercial aircraft fleet continues to grow, the aircraft and spare engine leasing markets will continue to increase in size and importance. Effective asset management is essential to an aircraft investor's ability to protect the integrity and value of owned assets. Asset management involves an array of functions and capabilities ranging from financial monitoring to legal capability for effective contracts and evaluation of jurisdictional risks, to detailed technical monitoring and planning.

Technical managers must conduct physical inspections, monitor maintenance funds and aircraft status and Airworthiness Directive compliance, monitor operator use and understand potential technical modifications that may be needed to transition aircraft between lessees. This is essential to knowing the condition and potential value of the owned aircraft to other operators. Aircraft and engine documentation is extremely important and all LLPs must be fully traceable back to the original date of manufacture. A capable asset manger and trader of used aircraft will make sure technical issues are minimized and can often avoid having to resort to the temporary storage of an aircraft. The asset owner must also have the wherewithal to effectively manage lessee default situations, negotiate and repossess aircraft if necessary. This task requires significant legal and technical coordination. To reiterate, one major reason aircraft leasing will continue to grow as a source of aircraft finance is that

many lessors are expert asset managers and represent the most efficient and flexible means of building asset liquidity.

Aircraft Value Trends

The typical new aircraft will depreciate over time as it ages and experiences the wear and tear of operation. Eventually, the aircraft will reach the end of its useful life (usually about 25 years unless extended by cargo conversion) and will retain a marginal value that represents the market worth of its various components and material. The differing value behavior of engines is apparent, however, when examining historical engine trading prices. Engines tend to hold their value since they can be restored to nearly new condition through overhaul, and will represent an increasing share of an aircraft's value over time. A lessor aiming to compete in the mid to late-life aircraft segment will therefore need to have a solid engine management capability.

Used Aircraft Values

The health of the aviation industry during the late 1990s supported a general strengthening of the prevailing prices for used aircraft. Many banks and financial institutions were attracted to the aircraft financing sector and began to compete aggressively for available transactions. As a result, prices for used aircraft remained relatively strong. During 2001-2004, on the other hand, following a sharp drop in demand for aircraft capacity many surplus aircraft were parked, deliveries were deferred and many aircraft financiers suffered substantial losses. As a result many banks exited the market altogether and capital market deals came to a halt. The concurrent slide in aircraft values, particularly for older and mid-life aircraft types, exacerbated the situation and trading activity slowed dramatically. Aircraft that have suffered a deep and lasting reduction in both trading price and inherent value are older, less fuel-efficient types and types that no longer meet the current noise and emission standards in place in most of the developed world. Examples of these include aging models with disappearing operator bases such as the Lockheed L-1011 (41 in active service) and the McDonnell Douglas DC-10 (99 in active service) and DC-9 (308 in active service). Given the high fuel and maintenance expense generated by these aircraft types, it is increasingly likely that many will exit service once in need of heavy maintenance. Though still relatively young, values for the fuel-inefficient McDonnell Douglas MD80 (994 in active service) variants also appear to be facing a more permanent decline. Elimination of older aircraft types became a priority for the major carriers during the industry-wide capacity reduction following September 11 and the Middle East conflict. During 2002, over 250 aircraft were permanently retired from global passenger service. Between 2003 and 2005, it is estimated that more than 1,000 additional aircraft were permanently removed from passenger service globally, either through retirement or conversion. Most of these aircraft are of pre-1982 vintage although some that were manufactured as late as 1987 and 1988 have recently been retired and have been dismantled for spare parts.

Following the rapid decline in values for most aircraft types during 2002-2004, used trading prices for most aircraft types stabilized in 2005, and are generally remaining flat in 2006. Values for popular new vintage A320s and 737NGs are on the rise, and will likely continue to exhibit marginal firming over the next several years. Meanwhile, values for aircraft such as the 737 classics, 757 and 767-300ER have stabilized, and should remain relatively level before depreciating further once the current supply shortage abates. In addition, the current upward cycle may last longer than previous cycles due to significant structural changes in the industry such as liberalization around the globe, growth in emerging markets such as China and India, the advance of LCCs and the continuing restructuring of established airlines in the developed countries.

AerCap

We are an integrated global aviation company with a leading market position in aircraft and engine leasing, trading and parts sales. We possess extensive aviation expertise that permits us to extract value from every stage of an aircraft's lifecycle across a broad range of aircraft and engine types. We also provide aircraft management services and perform aircraft and engine MRO services and aircraft disassemblies through our certified repair stations. We believe that by applying our expertise through an integrated business model, we will be able to identify and execute on a broad range of market opportunities that we expect will generate attractive returns for our shareholders.

We operate our business on a global basis, providing aircraft, engines and parts to customers in every major geographical region. As of September 30, 2006, we owned 109 aircraft and 61 engines, managed 110 aircraft, had 79 new aircraft and six new engines, had entered into purchase contracts for 17 aircraft with GATX and had executed letters of intent to purchase an additional nine aircraft. In addition, on October 17, 2006, we signed a letter of intent with Airbus to purchase 20 new A330-200 widebody aircraft. As of April 2006, we had the fifth largest aircraft leasing portfolio in the world and the third largest new aircraft order book among operating lessors, according to SH&E, in each case by number of aircraft.

We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk, of the residual value of the equipment at the end of the lease. As of September 30, 2006, our owned and managed aircraft and engines were leased to 97 commercial airline and cargo operator customers in 47 countries and are managed from our offices in The Netherlands, Ireland and the United States. We expect to expand our leasing activity in Asia and in China in particular through our AerDragon joint venture with China Aviation Supplies Import & Export Group Corporation, which commenced operations in October 2006.

We have the infrastructure, expertise and resources to execute a large number of diverse aircraft and engine transactions in a variety of market conditions. From January 1, 2003 to September 30, 2006, we have executed over 950 aircraft and engine transactions, including 245 aircraft leases, 232 engine leases, 101 aircraft purchase or sale transactions, 167 engine purchase or sale transactions and the disassembly of 40 aircraft and 133 engines. Our teams of dedicated marketing and asset trading professionals have been successful in leasing and trading our aircraft and engine portfolios. Between January 1, 2003 and September 30, 2006, our weighted average owned aircraft utilization rate was 98.8%.

In 2005, we generated total revenues of $628.2 million and net income of $108.4 million and in the nine months ended September 30, 2006, we generated total revenues of $661.6 million and net income of $104.9 million, each on a pro forma basis after giving effect to the 2005 Acquisition, the AeroTurbine Acquisition and this offering, each as if it had occurred on January 1, 2005. Primarily as a result of an impairment charge to write off goodwill of our predecessor prior to the 2005 Acquisition, we recorded a loss of $105.4 million and revenues of $390.9 million in 2004, the results of which did not include AeroTurbine.

Our Competitive Strengths

We believe the following competitive strengths will allow us to capitalize on growth opportunities in the global commercial aviation market:

Ability to Manage Aircraft and Engines Profitably Throughout Their Lifecycle.

We have an integrated business model that allows us to operate across the lifecycle of an aircraft or engine, from its initial purchase from a manufacturer through its leasing, sale or eventual disassembly for the sale of its parts. Our integrated business model includes:

- purchasing new aircraft and engines in large quantity orders directly from manufacturers at discounted prices and leasing those aircraft at market prices;
- purchasing entire portfolios of aircraft and engines of varying ages and types to capitalize on our ability to extract value from all stages of the aircraft lifecycle;
- using our global remarketing capability and relationships with our diverse customer base;
- selling our aircraft and engines through our aircraft and engine trading business; and
- disassembling aircraft and engines at the end of their economic operating lives and selling their component parts.

Attractive, Modern and Fuel-Efficient Aircraft and Engines. We have assembled an aircraft portfolio focused on Airbus A320 family aircraft, which are among the most fuel-efficient and widely-used narrowbody passenger aircraft. As of September 30, 2006, the weighted average age, by book value, of aircraft in our owned fleet was 6.5 years. Our focus on young, modern, technologically-advanced and fuel-efficient aircraft provides us with an attractive asset portfolio that we believe we can leverage in the growing global airline market. We also own a large portfolio of CFM56 family engines, which are the most widely-used commercial jet engines.

Global Remarketing Capability and Diversified Customer Base. We maintain a high utilization rate for our assets by maintaining strong relationships with our existing and potential customers worldwide. As of September 30, 2006, we had 97 commercial airline and cargo operator customers in 47 countries, and no customer accounted for more than 5% of our pro forma revenues in 2005. The diversification of our customer base across varied geographic regions and markets reduces our exposure to risks associated with customer concentration and fluctuations in regional economic conditions. In addition, our global operations, knowledge of local regulatory frameworks and relationships with key market participants allow us to obtain and place our aircraft, engine and parts efficiently in all major global commercial aviation markets.

Active Aircraft and Engine Trading Business. We have an asset trading team of 19 professionals who are dedicated to identifying, analyzing and executing aircraft and engine acquisition and sale transactions. In addition, our dedicated airline marketing teams provide our asset trading team with market insight and purchase and sale opportunities arising from frequent dialogue with the global airline industry. Between January 1, 2003 and September 30, 2006 we purchased 35 aircraft, sold 66 aircraft, purchased 108 engines and sold 59 engines.

Substantial Size and Breadth of Operations. Our substantial size and breadth of operations allow us to:

- diversify our customer and geographical risk exposure;
- purchase large and diverse portfolios of aircraft and engines;
- obtain favorable financing terms;

- maintain strong relationships with airframe and engine manufacturers and MRO service providers;
- facilitate airline "refleetings" by purchasing aircraft which no longer meet an airline's requirements and replacing them with aircraft from our portfolio that better suit an airline's needs; and
- offer our aircraft and engine customers a broad range of flexible aircraft and engine leasing options.

Efficient Access to Capital. We have $1.2 billion of revolving credit facilities that provide us with access to committed funding for the acquisition of a diverse range of new and used aircraft, engines and parts of any age. Since 1996, we have raised over $18 billion of funds in the global financial markets, including over $9 billion through initial issuances and refinancings in the aircraft securitization market. Securitizations allow companies to raise long-term, low-cost and non-recourse capital by pledging cash flows generated by an asset pool, such as aircraft leases. Most recently, in September 2005, we completed a $1.0 billion securitization of 42 aircraft subject to operating leases. Our substantial indebtedness could limit our ability to access funding for our growth. We seek to use structures such as securitizations and joint ventures to allow us to access capital efficiently and limit recourse by lenders to our assets.

Attractive Aircraft Management Business. As of September 30, 2006, we managed 110 aircraft primarily for securitization vehicles, our unconsolidated joint ventures and third parties. As a pioneer in the securitization market, we were the first sponsor of an aircraft securitization and we are a leading manager of aircraft securitization vehicles. We use our existing aircraft management infrastructure to provide aircraft management services at limited incremental cost to us. The management of aircraft for third parties also provides us with a more diverse portfolio of aircraft to market to our airline customers.

Experienced Management Team. Our management team, with an average of 17 years' experience in the aviation industry, has extensive expertise in aircraft and engine leasing, trading, MRO, technical management, financing and risk management across a broad range of aircraft and industry economic cycles.

Despite these competitive strengths, we face significant risks that could adversely affect our financial results and growth prospects, including risks related to our ability to profitably re-lease our aircraft, interest rates, supply and demand cycles in the aviation industry, the financial strength of our lessees, emerging market conditions, our integration of AeroTurbine, a decline in the value of our assets and competition. See "Risk Factors".

Our Business Strategy

We intend to pursue the following business strategies:

Leverage Our Ability to Manage Aircraft and Engines Profitably throughout their Lifecycle. We intend to continue to leverage our integrated business model by selectively:

- purchasing aircraft and engines directly from manufacturers;
- taking advantage of price incentives offered by sellers for the purchase of entire portfolios of aircraft and engines of varying ages and types;
- using our global customer relationships to obtain favorable lease terms and reduce time off-lease;
- selling select aircraft and engines;

- disassembling older airframes and engines for sale of their component parts; and
- providing management services to securitization vehicles, our joint ventures and other aircraft owners at limited incremental cost to us.

Our ability to profitably manage aircraft throughout their lifecycle depends in part on our successful integration of AeroTurbine, which we acquired in April 2006, our ability to successfully lease aircraft and engines at profitable rates and our ability to source acquisition opportunities of new and used aircraft at favorable prices.

Expand Our Aircraft and Engine Portfolio. We intend to grow our portfolio of aircraft and engines through portfolio purchases, new aircraft purchases, airline refleetings, and other opportunistic aircraft and engine purchases. We will rely on our experienced team of aircraft and engine market professionals to identify and purchase assets we believe are being sold at attractive prices or that we believe will increase in demand and value. In addition, we will continue to rebalance our aircraft and engine portfolios through acquisitions, sales and selective disassemblies to maintain the appropriate mix of aviation assets to meet our customers' needs.

Focus on High Growth Markets. Although we maintain a geographically diverse portfolio, we focus on high growth airline markets such as the Asia/Pacific market. In May 2006, we entered into a joint venture with China Aviation Supplies Import & Export Group Corporation, a state-owned aviation service engaged in the import and export of civil aviation products and the leasing and maintenance of aircraft, engines and aviation parts. This joint venture enhances our presence in the increasingly important China market and will enhance our ability to lease our aircraft and engines throughout the entire Asia/Pacific region.

Enter into Joint Ventures to Obtain Economies of Scale. We intend to continue to leverage our leading market position, extensive knowledge of the aircraft and engine leasing markets and aircraft and engine management capabilities by entering into joint ventures that increase our purchasing power and our ability to obtain price discounts on large aircraft orders. For example, by recently structuring a large aircraft purchase from Airbus through a 50% owned consolidated joint venture, we were able to increase the number of aircraft we ordered from 35 to 70 and obtained significantly more favorable terms than would otherwise have been available to us. We expect to generate fees from our joint ventures by providing them with aircraft management services.

Obtain Maintenance Cost Savings. We intend to lower our aircraft and engine maintenance costs by using aircraft and engine parts we obtain from the selective disassembly of acquired and existing airframes and engines. We intend to achieve further maintenance cost savings by using our FAA and EASA certified repair station to perform a variety of value-added MRO services on our aircraft and engines that would otherwise be outsourced at significantly higher costs.

Acquire Complementary Businesses. We intend to selectively pursue acquisitions that we believe will enhance our ability to manage aircraft and engines profitably throughout their lifecycle. The synergies, economies of scale and operating efficiencies we expect to derive from our acquisitions will allow us to strengthen our competitive advantages and diversify our sources of revenue.

Aircraft

Overview

We operate our aircraft business on a global basis. As of September 30, 2006, we owned and managed 219 aircraft. We owned 101 aircraft in our aircraft business, managed 110 aircraft and had an additional eight aircraft which we intend to disassemble for the sale of their parts or sell at the end of their leases. As of September 30, 2006, we leased these aircraft to 84 commercial airline and cargo

operator customers in 45 countries. In addition, as of September 30, 2006, we had 79 new narrowbody aircraft on order, including nine directly and 70 through our consolidated joint venture, AerVenture, had entered into purchase contracts for 17 aircraft with GATX and had executed letters of intent for the purchase of nine additional aircraft.

Over the life of the aircraft, we seek to increase the returns on our investments by managing our aircraft's lease rates, time off-lease, financing costs and maintenance costs, and by carefully timing their sale or disassembly. We lease most of our aircraft to airlines under operating leases. Under an operating lease, the lessee is responsible for the maintenance and servicing of the equipment during the lease term and the lessor receives the benefit, and assumes the risk, of the residual value of the equipment at the end of the lease. Rather than purchase their aircraft, many airlines operate their aircraft under operating leases because operating leases reduce their capital requirements and costs and allow them to manage their fleet more efficiently. Over the past 20 years, the world's airlines have increasingly turned to operating leases to meet their aircraft needs. According to SH&E, approximately 30% of the global aircraft fleet is currently operated under operating leases and SH&E forecasts that 40% of the global aircraft fleet will be operated under operating leases by 2020. For a more detailed discussion of trends in the aviation industry, see "Aircraft, Engine and Aviation Parts Industry—Aircraft Leasing Industry" above.

Our contract lease terms generally range from 12 months to 120 months. By varying our lease terms, we mitigate the effects of changes in cyclical market conditions at the time aircraft become eligible for re-lease. In periods of strong aircraft demand, we seek to enter into medium and long-term leases to lock-in the generally higher market lease rates during those periods, while, in periods of low aircraft demand we seek to enter into short-term leases to mitigate the effects of the generally lower market lease rates during those periods. In addition, we generally seek to reduce our leasing transition costs by entering into lease extensions rather than taking re-delivery of the aircraft and leasing it to a new customer. The terms of our lease extensions reflect the market conditions at the time the lease extension is signed and typically contain different terms than the original lease.

Upon expiration of an operating lease, we extend the lease term, take redelivery of the aircraft, remarket and re-lease it to new lessees, sell the aircraft, or transfer the aircraft to our disassembly business for sale of its parts. Typically, we re-lease our leased aircraft well in advance of the expiration of the then current lease and deliver the aircraft to a new lessee in less than two months following redelivery by the prior lessee. During the period in which an aircraft is in between leases, we typically perform routine inspections and the maintenance necessary to place the aircraft in the required condition for delivery and, in some cases, make modifications requested by our next lessee.

Our extensive experience, global reach and operating capabilities allow us to rapidly complete numerous aircraft transactions, which enables us to increase the returns on our aircraft investments and reduce the time that our aircraft are not generating revenue for us. We successfully executed 396 aircraft transactions between January 1, 2003 and September 30, 2006.

The following tables set forth information regarding the aircraft transactions we have executed between January 1, 2003 and September 30, 2006, the number of initial leases and re-leases we entered into, the number of leases we extended, the number of leases we restructured, the number of aircraft we purchased and the number of aircraft we sold. The trends shown in the table reflect the execution

of the various elements of our leasing strategy for our owned and managed portfolio, as described further below.

	Owned Aircraft				
Activity	2003	2004	2005	Nine months ended September 30, 2006	Total/ Average
New leases	2	5	11	9	27
Re-leases	10	28	9	12	59
Extensions of lease contracts	1	7	28	10	46
Average lease term for new leases (months)(1)	60.0	61.2	68.7	108.0	79.8
Average lease term for re-leases (months)(1)	30.8	38.1	50.6	56.7	42.6
Average lease term for lease extensions (months)(2)	2.0(4)	24.9	23.0	22.0	22.6
Leases restructurings	23	9	6	1	39
Aircraft purchases	6	9	6	13	34
Aircraft sales	5(5)	9	21	15	50
Average aircraft utilization rates(3)	97.6%	99.3%	99.1%	99.2%	98.8%

(1) Average lease term of new leases and re-leases contracted during the period. The average lease term for new leases and re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

(3) Our utilization rate for aircraft is calculated based on the average number of months the aircraft are on lease each year. The utilization rate is weighted proportionate to the net book value of the aircraft at the end of the period measured.

(4) In 2003, we extended only one lease on a short-term basis.

(5) Excludes aircraft owned by AerCo which was deconsolidated on March 31, 2003.

	Managed Aircraft				
Activity	2003	2004	2005	Nine months ended September 30, 2006	Total/ Average
New leases	—	1	—	—	1
Re-leases	21	19	23	4	67
Extensions of lease contracts	7	10	21	7	45
Average lease term for new leases (months)(1)	—	72.0	—	—	72.0
Average lease term for re-leases (months)(1)	35.1	47.3	36.4	49.5	39.9
Average lease term for lease extensions (months)(2)	17.3	20.2	30.7	21.2	24.8
Leases restructurings	8	1	1	1	11
Aircraft purchases	—	—	1	—	1
Aircraft sales	—	—	9	7	16

(1) Average lease term of new leases and re-leases contracted during the period. The average lease term for new leases and re-leases is calculated by reference to the period between the date of contractual delivery to the date of contractual redelivery of the aircraft.

(2) Average lease term for aircraft lease extensions contracted during the period. The average lease term for lease extensions is calculated by reference to the period between the date of the original expiration of the lease and the new expiration date.

The tables above illustrate how we have implemented our leasing strategies in response to changing trends in the aircraft leasing market. For example, in 2004 in response to changing market conditions, several airlines reduced their excess capacity by not renewing their aircraft operating leases. We were able to lessen the effects of the low number of lease extensions by identifying airlines that were increasing their capacity, including low cost carriers, and re-leasing our aircraft to those airlines. In addition, since aircraft lease rates were relatively low in 2003, we shortened the terms of our leases to position our portfolio to take advantage of an expected upturn in the aircraft leasing market which would result in higher lease rates in the future. In contrast, in 2005, as the commercial airline sector strengthened, we lengthened the terms of our owned aircraft leases to lock-in the generally higher lease rates prevailing in the market at the time. Leases of new aircraft generally have longer terms than used aircraft which are re-leased. The average lease term for new leases increased significantly in the nine months ended September 30, 2006 due to the fact that we contracted to lease six aircraft from our order book to one customer, each for nine years. We have experienced a lower level of lease extension activity in 2006 as we had fewer aircraft requiring remarketing because of the high number of aircraft we leased in 2005 that were scheduled to come off lease in 2006 and 2007. For our managed aircraft, the average term of the extensions decreased in the nine months ended September 30, 2006 mainly due to two short extensions for Fokker aircraft.

Before making any decision to lease an aircraft, we perform a review of the prospective lessee, which generally includes reviewing financial statements, business plans, cash flow projections, maintenance records, operational performance histories, hedging arrangements for fuel, foreign currency and interest rates and relevant regulatory approvals and documentation. We also typically perform on-site credit reviews for new lessees which typically includes extensive discussions with the prospective lessee's management before we enter into a new lease. Depending on the credit quality and financial condition of the lessee, we may require the lessee to obtain guarantees or other financial support from an acceptable financial institution or other third parties.

We require our aircraft lessees to provide us with security deposits in order to protect the value of our assets. We require all of our lessees to provide a security deposit for their performance under their leases, including the return of the aircraft in the specified condition at the expiration of the lease. The size of the security deposit is typically equal to two months' rent.

All of our lessees are responsible for their maintenance costs during the lease term. Based on the credit quality of the lessee, we require some of our lessees to pay supplemental maintenance rent to cover scheduled major component maintenance costs. If a lessee pays the supplemental maintenance rent we reimburse them for their maintenance costs up to the amount of their supplemental maintenance rent payments. Under the terms of our leases, at lease expiration to the extent that a lessee has paid us more supplemental maintenance rent than we have reimbursed them for their maintenance costs, we retain the excess rent. As of September 30, 2006, 37 of our owned aircraft leases provided for the payment of supplemental maintenance rent. Whether a lessee pays supplemental maintenance rent or not, we typically agree to compensate a lessee for scheduled maintenance on airframe and engines related to the prior utilization of the aircraft. For this prior utilization, we have typically received compensation from prior lessees.

In all cases, we require the lessee to reimburse us for any costs we incur if the aircraft is not in the required condition upon redelivery, and we compensate the lessee to the extent the aircraft is returned in a better condition than required upon redelivery. All of our leases contain extensive provisions regarding our remedies and rights in the event of a default by the lessee, and specific provisions regarding the required condition of the aircraft upon its redelivery.

Our lessees are also responsible for compliance with all applicable laws and regulations governing the leased aircraft and all related costs. We require our lessees to comply with either the FAA, EASA or their foreign equivalent standards.

During the term of our leases, some of our lessees have experienced financial difficulties resulting in the need to restructure their leases. Generally, our restructurings have involved a number of possible changes to the lease's terms, including the voluntary termination of leases prior to their scheduled expiration, the arrangement of subleases from the primary lessee to a sublessee, the rescheduling of lease payments and the exchange of lease payments for other consideration, including convertible bonds, warrants, shares and promissory notes. We generally seek to receive these and other marketable securities from our restructured leases, rather than deferred receivables. In some cases, we have been required to repossess a leased aircraft and in those cases, we have typically exported the aircraft from the lessee's jurisdiction to prepare it for remarketing. In the majority of these situations, we have obtained the lessee's cooperation and the return and export of the aircraft was completed without significant delay, generally within two months. In some situations, however, our lessees have not cooperated in returning aircraft and we have been required to take legal action. In connection with the repossession of an aircraft, we may be required to settle claims on the aircraft or to which the lessee is subject, including outstanding liens on the repossessed aircraft. Since our inception in 1995, we have repossessed 40 aircraft under defaulted leases with 16 different lessees in 13 jurisdictions.

Aircraft Portfolio and Existing Lessees

Our aircraft portfolio consists primarily of modern, technologically advanced and fuel-efficient narrowbody aircraft, with a particular concentration of Airbus A320 family. As of September 30, 2006, we owned and managed 219 aircraft. We owned 101 aircraft, managed 110 aircraft and had an additional eight aircraft, which we intend to disassemble for the sale of their parts or sell at the end of their leases. Of the 219 aircraft, 182 were on operating lease, which does not include the eight aircraft we intend to disassemble or sell, and 29 were off-lease (two owned and 27 managed). Of the 29 aircraft off lease, five were subject to our regular remarketing efforts. With respect to the other 24 aircraft (all Fairchild Dornier 328s), we have been instructed by the client to market the aircraft for sale, rather than seek to re-lease them. As of September 30, 2006, we leased the 182 aircraft on operating leases to 84 commercial airline and cargo operator customers in 45 countries. The weighted average age of our 101 owned aircraft was 6.5 years as of September 30, 2006. We believe that we own one of the youngest aircraft fleets in the world.

The following table provides details regarding our aircraft portfolio by type of aircraft as of September 30, 2006.

	Owned portfolio		Managed portfolio			
Aircraft type	Number of aircraft owned	Percentage of total net book value	Number of aircraft	Number of aircraft on order	Number of aircraft under purchase contract	Total owned, managed and ordered aircraft
Airbus A300	2	2.8%	—	—	—	2
Airbus A319	7	8.8%	—	26(2)	1	34
Airbus A320	30	31.0%	12	51(3)	13	106
Airbus A321	21	27.0%	1	2(4)	—	24
Airbus A330	10	18.0%	1	—	—	11
Airbus A340	1	1.5%	2	—	—	3
Boeing 737	11	5.8%	30	—	3	44
Boeing 767	—	—	2	—	—	2
Boeing 757	2	1.8%	3	—	—	5
DHC Dash 8	1	—	—	—	—	1
Fokker 100	14	1.6%	5	—	—	19
Fokker 70	—	—	2	—	—	2
MD-11 Freighter	1	1.5%	1	—	—	2
MD-83	1	0.2%	9	—	—	10
MD 82	—	—	11	—	—	11
Fairchild Dornier 328	—	—	30	—	—	30
DC8-71F	—	—	1	—	—	1
Total	**101(1)**	**100.0%**	**110**	**79**	**17**	**307**

(1) Excludes eight aircraft, which we intend to disassemble or sell when their leases expire, consisting of three DC-9, one DC-8, one Boeing 767, two Boeing 757 and one A320 aircraft.

(2) Includes three A319 aircraft on order by us and 23 A319 aircraft on order by AerVenture.

(3) Includes four A320 aircraft on order by us and 47 A320 aircraft on order by AerVenture.

(4) On order by us.

Aircraft on Order or Subject to Letters of Intent.

We have a large number of new aircraft on order, either directly or indirectly through our consolidated joint venture, AerVenture, and have signed letters of intent for the purchase of a significant number of additional aircraft.

Aircraft on Order. In 1999, we signed an aircraft purchase order with Airbus for the purchase of 32 new A320 family aircraft. As of September 30, 2006, nine aircraft remained to be delivered under the agreement. The remaining aircraft consist of three A319 aircraft, four A320 aircraft and two A321 aircraft. All of these aircraft are schedule to be delivered before the end of 2007.

In January 2006, our consolidated joint venture, AerVenture, placed an order with Airbus for the purchase of 70 new A320 family aircraft. As of September 30, 2006, all of the aircraft remained to be delivered under the 2005 agreement. The AerVenture aircraft consist of 23 A319 aircraft and 47 A320 aircraft. The initial delivery schedule for the AerVenture aircraft includes 12 aircraft to be delivered before the end of 2008 and 58 aircraft to be delivered before the end of 2010.

In August 2006, we entered into agreements with GATX to purchase 22 used aircraft consisting of one A319 aircraft, 13 A320 aircraft, four Boeing 737 aircraft and four Boeing 757 aircraft. As of September 30, 2006, five of these aircraft have been delivered.

The following table sets forth the aircraft type, existing lessees and the jurisdiction of the lessee for each of the aircraft under purchase contract with GATX and remaining to be delivered as of September 30, 2006.

Aircraft type	Lessee	Operating jurisdiction of lessee
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	TAM Linhas Aéreas S.A.	Brazil
Airbus A320	Free Bird Airlines(1)	Turkey
Airbus A320	Société Air France	France
Airbus A320	Société Air France	France
Airbus A320	Azerbaijan Hava Yollari	Azerbaijan
Airbus A320	Gulf Air Co. G.S.C.	Kingdom of Bahrain
Airbus A320	Thomas Cook Airlines Belgium N.V.	Belgium
Airbus A320	Thomas Cook Airlines Belgium N.V.	Belgium
Boeing 737-300	Southwest Airlines Co.	United States of America
Boeing 737-300	Southwest Airlines Co.	United States of America
Boeing 737-300	PT Perusahaan Penerbangan Garuda Indonesia	Indonesia
Airbus A319	Compañía Mexicana de Aviación, S.A. de C.V.	Mexico

(1) Commercial name for Hurkus Havayolu Tasimacilik ve Ticaret Anonim Sirketi.

The weighted average age of the 17 aircraft under purchase contracts set forth in the table above is 13.5 years

Aircraft Subject to Letters of Intent. In July 2006, we entered into a letter of intent with GATX to purchase five additional A320 aircraft.

In August 2006, we entered into a letter of intent to sell two Fokker 100 aircraft to an airline. In October 2006, we entered into letters of intent for the purchase of one Boeing 757 freighter aircraft and the sale of two Fokker 100 and two Boeing 757 aircraft. In addition, we have executed letters of intent to purchase four other A320 aircraft as of September 30, 2006.

On October 17, 2006, we signed a letter of intent to acquire 20 new A330-200 widebody aircraft from Airbus. Our board of directors has approved the purchase and the letter of intent provides that, subject to limited exceptions, we and Airbus must agree upon final purchase documentation by November 30, 2006. We have made a non-refundable $10 million deposit with Airbus which Airbus is entitled to retain if we do not enter into final purchase documentation by such date. Ten of the A330-200 aircraft covered by the letter of intent would be delivered in 2009 and ten would be delivered in 2010. On the basis of base value appraisals cited to us by an aircraft valuation consultant, we believe the approximate current appraised base value for a single A330-200 aircraft manufactured in 2006 is approximately $95 million. The aircraft covered by the letter of intent would be manufactured at a later date. However, in the event we enter into definite purchase documentation, we expect the per aircraft purchase price for our 20 aircraft order will be at a discount to this amount.

On October 18, 2006, we signed a letter of intent with International Lease Finance Corporation, or ILFC, to acquire six used aircraft, each of which is on lease to an airline, for an aggregate purchase price of approximately $150 million. The purchase would include two Boeing 737-400, one Boeing 737-700 and two Boeing 737-800 narrowbody aircraft and one 767-300ER widebody aircraft. We have made a refundable $1.5 million deposit with ILFC which ILFC will return to us if we do not enter into final purchase documentation. The purchase is subject to certain conditions, including the approval of our board of directors and our inspection of the aircraft and related documentation. If we enter into final purchase documentation, we expect deliveries to occur before January 31, 2007.

The table below summarizes our currently outstanding letters of intent to purchase and sell new and used aircraft. Although we expect to be able in each case to negotiate final purchase documentation with respect to our letters of intent, there can be no assurance that we will be able to do so and therefore these purchases and sales may not in fact occur. In the event we enter into final purchase documentation with respect to all or a large portion of our aircraft subject to purchase letters of intent, we would have significantly increased financial commitments. We would expect to meet such commitments through a combination of our current cash and cash equivalent balances, cash flows from operations, existing committed financings and additional financings that we would need to secure in the future.

Letters of Intent

Aircraft type	Number of aircraft	New/Used
Purchases		
Airbus A320	9	Used
Airbus A330	20	New
Boeing 737	5	Used
Boeing 757	1	Used
Boeing 767	1	Used
Total	**36**	
Sales		
Boeing 757	2	Used
Fokker 100	4	Used
Total	**6**	

Lessees

The following table provides information regarding our owned aircraft portfolio by lessee for the year ended December 31, 2005.

Lessee	Percentage of 2005 lease revenue
Thai Airways International Public Co., Ltd.	7.6%
Tombo Capital Corporation	5.5%
Wizz Air Hungary Ltd.	5.5%
My Travel Airways PLC	5.4%
Korean Air Lease & Finance Co., Ltd.	4.6%
Asiana Airlines Inc.	4.5%
Indian Airlines Ltd.	4.1%
Gemini Air Cargo Inc.	3.9%
British Midland Airways Ltd.	3.8%
Air Canada	3.6%
Société Air France	3.3%
Sri Lankan Airlines Ltd.	3.0%
China Northwest Airlines	3.0%
Kingfisher Airlines Ltd.	2.8%
British Mediterranean Airways Ltd.	2.7%
Bangkok Airways Co.	2.7%
SN Brussels(1)	2.7%
America West Airlines	2.5%
British West Indies Airways	2.4%
Islandsflug HF	2.3%
EU Jetops Ltd.	2.3%
TWA Airlines LLC	2.0%
Other(2)	19.8%
Total	**100.0**%

(1) Commercial name for Delta Air Transport N.V./S.A.

(2) No other lessee accounted for more than 2.0% of our lease revenue in 2005.

We lease our aircraft to lessees located in numerous and diverse geographical regions and have focused our leasing efforts on the fast growing Asia/Pacific market.

The following table sets forth the percentage of our owned aircraft leased to airlines in the countries with the highest lease concentrations for the year ended December 31, 2005.

Country	Percentage of 2005 lease revenue
United Kingdom	13.2%
United States of America	11.3%
Thailand	10.3%
Republic of Korea	9.0%
India	6.9%
Hungary	5.5%
Japan	5.5%
France	4.5%
People's Republic of China	3.6%
Canada	3.6%
Sri Lanka	3.0%
Belgium	2.7%
British Virgin Islands	2.4%
Iceland	2.3%
Republic of Ireland	2.3%
El Salvador	2.0%
Jamaica	1.5%
Malaysia	1.3%
Indonesia	1.2%
Colombia	1.2%
Slovak Republic	1.1%
Other(1)	5.6%
Total	**100%**

(1) No other country accounted for more than 1.0% of our lease revenue in 2005.

For information regarding the commercial aviation industry generally and the markets our customers serve, see "Aircraft, Engine and Aviation Parts Industry".

As of September 30, 2006, leases representing approximately 58.0% of our lease revenues in 2005 were scheduled to expire before December 31, 2009. As of September 30, 2006, our 99 owned aircraft which are on lease (excluding the eight aircraft that we intend to disassemble or sell at the end of their leases) had an average remaining lease period per aircraft of 32 months.

The following table sets forth as of September 30, 2006 the number of leases that were scheduled to expire between September 30, 2006 and December 31, 2015 as a percentage of our 2005 lease revenue.

Year	Percentage of 2005 lease revenue(1)	Number of aircraft with leases expiring
2006(2)	3.5%	5
2007	14.4%	19
2008	15.7%	18
2009	24.4%	26
2010	8.9%	11
2011	7.7%	9
2012	3.9%	10
2013	—	—
2014	—	—
2015	2.2%	1
Total		**99**(3)

(1) The percentage of lease revenue reflected in the table above does not sum to 100% because it does not include lease revenue from our owned aircraft that were sold in 2005 and the nine months ended September 30, 2006 (13.3%), lease revenue from our two aircraft that were off lease as of September 30, 2006 (1.4%) and lease revenue from our managed aircraft that were subject to our lease-in and lease-out transactions in 2005 (4.6%).

(2) Represents the three months ended December 31, 2006.

(3) On September 30, 2006, we had two aircraft off lease. We have excluded eight aircraft which we intend to disassemble for the sale of their parts or otherwise sell at the end of their leases.

Aircraft Trading

From January 1, 2003 to September 30, 2006, we purchased 35 aircraft and sold 66 aircraft. In addition, we have negotiated and entered into contracts to purchase an additional 79 new aircraft, nine directly and 70 through a joint venture, entered into purchase contracts to purchase 17 aircraft from GATX and have executed letters of intent to purchase an additional nine aircraft. In addition, on October 17, 2006, we signed a letter of intent with Airbus to purchase 20 new A330-200 widebody aircraft. By selling our subordinated interests in securitization vehicles, we also disposed of two large portfolios of aircraft totalling 272 aircraft. We have an asset trading team of 19 professionals who are dedicated to sourcing, analyzing and executing aircraft and engine acquisition and disposition opportunities.

Due to the AeroTurbine Acquisition and our large order book of aircraft, we believe that we are well positioned to take advantage of trading opportunities and expand our aircraft portfolio. We believe that our global network of strong relationships with airlines, aircraft manufacturers, MRO service providers and commercial and financial institutions gives us a competitive advantage in sourcing and executing transactions.

We purchase new and used aircraft directly from aircraft manufacturers, airlines, financial investors, other aircraft leasing and finance companies. The aircraft we purchase are both on-lease and off-lease, depending on market conditions and the composition of our portfolio. We believe there are additional opportunities to purchase aircraft at attractive prices from other investors in aircraft assets who lack the infrastructure to manage their aircraft throughout their lifecycle. The buyers of our aircraft include airlines, investors and other aircraft leasing companies. We primarily acquire aircraft at attractive prices in two ways: by purchasing large quantities of aircraft directly from manufacturers to

take advantage of volume discounts, and by purchasing portfolios consisting of aircraft of varying types and ages. In addition, we also opportunistically purchase individual aircraft that we believe are being sold at attractive prices, or that we expect will increase in demand and or residual value. Through our airline marketing team, which is in frequent contact with airlines worldwide, we are also able to identify attractive acquisition and disposition opportunities. We sell our aircraft when we believe the market price for the type of aircraft has reached its peak, or to rebalance the composition of our portfolio to meet changing customer demands.

Our dedicated, full-time portfolio management and trading group consists of marketing, financial, engineering, technical and credit professionals. Prior to a purchase, this group analyzes the aircraft's price, fit in our portfolio, specification/configuration, maintenance history and condition, the existing lease terms, financial condition and credit worthiness of the existing lessee, the jurisdiction of the lessee, industry trends, financing arrangements and the aircraft's redeployment potential and values, among other factors.

Our revolving credit facilities are designed to allow us to rapidly execute our trading strategies by providing us with large-scale committed funding to acquire new and used aircraft, engines and parts. As of September 30, 2006, we had $872.0 million of committed undrawn credit facilities that allow us to purchase aircraft of up to 15 years of age and $126.9 million of committed undrawn credit facilities that allow us to purchase a broad variety of aircraft types of any age.

Joint Ventures

We expect to conduct an increasing portion of our business in the future through joint ventures. Entering into joint venture arrangements allows us to:

- order new aircraft and engines in larger quantities to increase our buying power and economic leverage;
- increase the diversity of our portfolio;
- obtain stable servicing revenues; and
- diversify our exposure to the economic risks related to aircraft and engine purchases.

AerVenture. In December 2005, we established AerVenture. In January 2006, LoadAir, an investment and construction company based in Kuwait City, purchased a 50% equity interest in AerVenture. We have invested $25.0 million in AerVenture and LoadAir has invested $25.0 million in AerVenture. We have each agreed to make additional equity contributions of up to $90.0 million. We consolidate AerVenture's financial results in our financial statements. We have developed AerVenture as a joint venture because this structure allows us to leverage our buying power to achieve more favorable aircraft acquisition terms. We have entered into exclusive agreements to provide management and marketing services to AerVenture in return for aircraft management fees and specified incentive fees which are tied to the profitability of AerVenture. Payments under these agreements will not provide any additional revenues as a result of consolidation. These agreements may be terminated by AerVenture in 2014.

In January 2006, AerVenture placed an order with Airbus for up to 70 new A320 family aircraft which will be delivered between 2007 and 2010. AerVenture has signed a term sheet for a credit facility for a total amount of $163.3 million that will finance the pre-delivery payments on the first 30 aircraft to be delivered. Upon delivery of the aircraft, AerVenture will be required to arrange financing to cover the entire purchase price, including refinancing the predelivery payments, which is not covered by the joint venture's equity contributions. The initial delivery schedule includes 12 aircraft to be delivered before the end of 2008 and 58 aircraft to be delivered before the end of 2010.

AerDragon. In May 2006, we signed a joint venture agreement with China Aviation Supplies Import & Export Group Corporation and affiliates of Calyon establishing AerDragon. AerDragon consists of two companies, Dragon Aviation Leasing Company limited, based in Beijing with a registered capital of $10.0 million and AerDragon Aviation Partners Limited, based in Ireland with a registered capital of $50.0 million. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. Following receipt of the local Chinese approvals required for it to begin operations, AerDragon commenced operations in October 2006. We will act as the exclusive aircraft manager for the joint venture. This contract may be terminated upon the earlier to occur of either July 1, 2009, or the occurrence of specified events, such as AerDragon developing the expertise to manage its own aircraft. One of the main sources of aircraft for AerDragon is likely to be the acquisition of aircraft through sale leaseback transactions with Chinese airlines. This joint venture enhances our presence in the increasingly important China market and will enhance our ability to lease our aircraft and engines throughout the entire Asia/Pacific region.

Annabel and Bella. In 2005, we signed a joint venture agreement with Deucalion Capital Limited to form the Annabel joint venture in which we hold a 25% equity interest. Annabel purchased a used A340 aircraft in 2005, for $51.3 million. The aircraft is on lease to Sri Lanka Airlines through 2008. In 2006, we signed a joint venture agreement with Deucalion to form the Bella joint venture in which we hold a 50% equity interest. Bella purchased two used Airbus A330-322 aircraft in April 2006 for $72.4 million which are on lease to LTU Lufttransport and Air Madrid until 2009 and 2011. We receive fee income for providing aircraft management services to both Annabel and Bella. We do not consolidate Annabel's financial results in our financial statements but consolidate Bella's financial results in our financial statements. We do not expect these joint ventures to acquire any more aircraft.

In October 2006, we signed a letter of intent with Airbus to purchase 20 new A330-200 widebody aircraft. As with AerVenture, if we complete these aircraft purchases, we may structure the purchases through a joint venture.

Recent Developments

We are in discussions for the potential acquisition of a German business jet operator jointly with another party active in the aviation industry. The company operates corporate aircraft and sells excess flight capacity to third parties. In the event that we proceed with the acquisition, it would expand our customer offerings by providing the capability to offer wet leasing, or the contracting of aircraft, personnel, insurance and maintenance services and provide additional service income, since we will not own the aircraft. We are currently conducting due diligence activities but have not negotiated a letter of intent. In the event that we proceed, we expect to pay for the acquisition from available cash balances. While we have not discussed a purchase price for the potential acquisition with the seller, we anticipate that our initial investment if we consummate the acquisition would range from $5 million to $20 million.

Relationship with Airbus

We have a close and longstanding mutually advantageous relationship with Airbus. Our relationship dates back to our formation, when DaimlerChrysler AG (formerly known as Daimler-Benz AG), a principal shareholder of European Aeronautic Defense & Space Company—EADS N.V., an 80% shareholder of Airbus, was one of our founding shareholders. In the last 10 years, we, directly or through our joint ventures, have contracted to purchase over 100 new commercial jet aircraft from Airbus and 24 used aircraft from Airbus. We maintain a wide-ranging dialogue with Airbus seeking mutually beneficial opportunities such as taking delivery of new aircraft on short notice and purchasing used aircraft from airlines seeking to renew their fleet with Airbus aircraft.

Aircraft Services

We are one of the aircraft industry's leading providers of aircraft asset management and corporate services to securitization vehicles, joint ventures and other third parties. As of September 30, 2006, we had aircraft management and administration service contracts with 14 parties covering over 350 aircraft (including the 70 aircraft on order by AerVenture) two of which accounted for 75% of our aircraft services revenue in 2005. We categorize our aircraft services into aircraft asset management, administrative services and cash management services. Since we have an established operating system to provide these services to manage our own aircraft assets, the incremental cost of providing aircraft management services to securitization vehicles, joint ventures and third parties is limited. Our primary aircraft asset management activities are:

- remarketing aircraft;
- collecting rental and maintenance payments, monitoring aircraft maintenance, monitoring and enforcing contract compliance and accepting delivery and redelivery of aircraft;
- conducting ongoing lessee financial performance reviews;
- periodically inspecting the leased aircraft;
- coordinating technical modifications to aircraft to meet new lessee requirements;
- conducting restructurings negotiations in connection with lease defaults;
- repossessing aircraft;
- arranging and monitoring insurance coverage;
- registering and de-registering aircraft;
- arranging for aircraft and aircraft engine valuations; and
- providing market research.

We charge fees for our aircraft management services based primarily on a mixture of fixed retainer amounts, but we also receive performance-based fees related to the managed aircrafts' lease revenue or sale proceeds, or specific upside sharing arrangements.

We provide cash management and administrative services to securitization vehicles and joint ventures. As of September 30, 2006, we had five cash management agreements with clients holding an aggregate of 270 aircraft in their portfolios and six administrative agency agreements with clients holding an aggregate of 312 aircraft in their portfolios. Cash management services consist of treasury services such as the financing, refinancing, hedging and on going cash management of these vehicles. Our administrative services consist primarily of accounting and secretarial services, including the preparation of budgets and financial statements, and liaising with, in the case of securitization vehicles, the rating agencies.

Engine and Parts

Overview

On April 26, 2006, we acquired all of the share capital of AeroTurbine. AeroTurbine was established in 1997 and is engaged in engine trading and leasing and the disassembly of airframes and engines for the sale of their component parts to the global aviation industry. We acquired AeroTurbine to:

- implement our strategy of profitably managing aircraft throughout their lifecycle,
- diversify our investments in aviation assets,
- obtain a more significant presence in the market for older aircraft equipment and
- take advantage of its broad customer base.

In 2005, AeroTurbine generated revenues of $122.7 million and pro forma net income of $12.4 million reflecting the conversion of AeroTurbine to a taxable entity, which occurred on the date of the AeroTurbine Acquisition.

To facilitate the integration of AeroTurbine, we have entered into three year employment contracts with key members of its senior management. In addition, our indirect shareholders granted key members of AeroTurbine's senior management indirect equity interests in us, so that they share a vested interest in achieving the successful integration of our aircraft business with AeroTurbine's engine and parts business.

Engine Trading

Engine trading is a core part of our engine and parts business. We believe that our market insight and recurring customer relationships have been the key factors underlying our success in this business. We believe that we are the only engine lessor with an engine portfolio valued in excess of $100 million that primarily acquires its engines by purchasing aircraft, removing the engines, redeploying the engines in our lease portfolio and then disassembling the airframe and selling its parts. In addition, we opportunistically acquire engines that require maintenance work and refurbish those engines in our MRO operations. By pursuing these acquisition strategies, we believe we have been able to acquire our engines at attractive prices.

We purchase engines for which there is high market demand or for which we believe demand will increase in the future. We opportunistically sell and exchange engines when we believe that the realizable value from a sale or exchange will equal or exceed the realizable value that we would expect to receive from leasing or disassembling the engine for the sale of its parts.

In determining whether to purchase or sell an engine, we assess the value of each engine according to a number of factors, including its hardware composition, airworthiness directive compliance and service bulletin status, life-limited parts thresholds, historical maintenance documentation, performance data and material certifications.

Our extensive experience buying, selling, leasing, repairing and disassembling engines for their parts has provided us with in-depth trading and management expertise across the most popular commercial product lines manufactured by General Electric, CFM International, Pratt & Whitney, Rolls-Royce and International Aero Engines. We conduct extensive technical and maintenance records due diligence before we purchase each engine. Our experienced team of dedicated acquisition professionals is composed of 80 licensed aircraft and engine mechanics and ten aircraft maintenance record specialists who track and document the maintenance history of each engine that is to be acquired. We are frequently able to correct or reconstruct engine maintenance records, which can lower the maintenance and acquisition cost of our engines and aircraft. Since commencing operations in 1997, AeroTurbine has sold over 300 engines, generating revenues in excess of $230 million.

We typically finance the purchase of engines with borrowed funds and internally generated cash flows. We have a $171.0 million committed revolving facility which we can use to fund acquisitions of aircraft, engines and aircraft parts. We believe that we are able to react more rapidly to engine acquisition opportunities than most of our competitors because we have substantial committed financing and can often identify, conduct due diligence and close on prospective acquisitions in less than one week. As of September 30, 2006, we had $126.9 million of funds available under our revolving facility.

Engine Portfolio

We maintain a diverse inventory of high-demand, modern and fuel-efficient engines. As of September 30, 2006, we owned 61 engines and had six new engines on order through AerVenture. Our engine portfolio consists primarily of CFM56 series engines, one of the most widely used engines in the commercial aviation market. As of September 30, 2006, 48 of our 61 engines were CFM56 series engines manufactured by CFM International. In August 2006, AerVenture entered into a contract with CFM International to acquire four new spare CFM 56-5B and two new spare CFM 56-7B engines. These engines are scheduled to be delivered over the next 24 months and will be either leased or sold.

We expect to expand and further diversify our engine portfolio in the future through engine acquisitions and aircraft disassemblies. As our aircraft portfolio ages, and specific aircraft become suitable for disassembly, we intend to disassemble such aircraft and remove high demand engines for addition to our engine portfolio, while the remaining airframes and engines will be disassembled for sale of their component parts.

We have the ability to perform limited MRO services on CFM56 series engines, which comprise most of the engines in our engine portfolio. As we obtain sufficient numbers of other engine models, we intend to further develop additional in-house MRO capabilities to achieve greater cost advantages.

Airframe and Engine Disassembly and Parts Sales

Over time, the combined value of a typical aircraft's parts will eventually exceed the value of the aircraft as a whole operating asset, at which time the aircraft may be retired from service. Traditional aircraft lessors and airlines often retire their aircraft by selling or consigning them to companies that specialize in aircraft and engine disassembly. The AeroTurbine Acquisition has allowed us to incorporate this valuable revenue source into our integrated business model, which is focused on managing aircraft and engines throughout their lifecycle.

We sell airframe parts primarily to aircraft parts distributors and MRO service providers. Airframe parts comprise a broad range of aircraft sub-component groups, including avionics, hydraulics and pneumatic systems, auxiliary power units, landing gear, interiors, flight control surfaces, windows and panels. We have disassembled 62 aircraft for the sale of their parts and we believe that we were among the first to voluntarily and strategically disassemble Boeing 737-300 and Airbus A320 family aircraft. Our aircraft disassembly operations are focused on the strategic acquisition of aircraft with engines that are among the most sought after in the secondary market.

We are focused on developing long-term supply relationships with clients that perform MRO services on aircraft and engines. Parts sales allow us to increase the value of our aircraft and engine assets by putting each sub-component (engines, airframes and related parts) to its most profitable use (sale, lease, and/or disassembly for parts sales). In addition, this capability provides us with an additional cost advantage over our non-integrated competitors by providing us with a critical source of low cost replacement engines and parts to support the maintenance of our aircraft and engine portfolios.

Prior to the acquisition of our Goodyear facility, we outsourced the physical disassembly of our airframes into parts, but sold the airframe parts ourselves.

Engine Leasing

Generally, it is uneconomical for aircraft operators with small aircraft fleets to own the quantity of spare engines required to adequately cover their operational requirements. As a result, aircraft

operators often lease spare engines when they send out their engines for off-site MRO. Spare engines are generally leased either directly from engine lessors like us, or from the MRO service provider that is repairing the aircraft operator's engine. To meet their clients' needs, MRO service providers often lease engines from engine lessors. We are focused on the short-term engine lease market with a typical lease term of 60 to 180 days. Short-term engine leases tend to have higher lease rates than long-term leases, because lessees require the engines on short notice and are willing to pay a premium for the flexibility of a short-term lease. Engines subject to short-term leases typically spend more time off-lease, while they are released with greater frequency.

The short-term engine leasing market has also developed in part in response to airlines' need to rapidly place aircraft back in service in the event of an unexpected engine problem. Short-term engine leases provide an alternative to owning spare engines or entering into long-term leases, where the engines can needlessly sit idle for long periods. To meet clients' urgent engine leasing needs, we typically maintain a substantial inventory of ready-to-lease engines in our off lease inventory. We believe that our ability to modify and configure most of our lease portfolio engines is an important competitive advantage, since it can facilitate the rapid installation of our engines onto our customers' aircraft. In addition, we have the capability to provide limited on-site maintenance and repair for most of our leased engines which, in some circumstances, enables us to facilitate the return to service of our customers' grounded aircraft.

Our engine leasing customer base is comprised of a wide variety of airlines and cargo and charter operators, in addition to MRO service providers, and other aircraft and engine leasing companies. As of September 30, 2006, we had engines on lease to 17 customers located in 13 countries.

We generally receive a fixed rental payment for our leased engines plus a variable rental payment based on the use of the engine. We typically receive monthly rent for our engines in advance, and additional rent for actual engine operation in arrears to compensate us for the anticipated future maintenance costs of such engines. Our engine lessees generally provide us with a security deposit in the amount of two months rent, in addition to which we receive the first month's rental payment in advance.

On a few occasions, our engine lessees have experienced financial difficulties, requiring us to terminate or restructure our engine leases with the lessee. Over the past eight years, we have only had to resort to legal action for the repossession of engines with one of our lease customers.

Airframe MRO Capability

On August 4, 2006, we leased an aircraft MRO facility located in Goodyear, Arizona and hired 74 of the employees working at the facility. In connection with this lease, we acquired an additional certified repair station which is certified by the FAA and EASA and associated equipment which permits us to perform a variety of MRO services on commercial transport aircraft, including aircraft heavy maintenance, limited powerplant repair to engine and line components, which includes starters, generators, hydraulic pumps, and quick engine changes installation. The Goodyear facility includes a 226,000 square foot hangar with the ability to house up to four widebody aircraft, or eight narrowbody aircraft for the purpose of performing heavy maintenance repairs, aircraft disassemblies and engine changes. The ramp area outside of the hangar can facilitate both short and long term storage of up to 14 aircraft. In addition to the hangar and ramp space, there is a significant storage field capable of storing over 100 aircraft. This transaction was primarily made to reduce our cost of aircraft disassembly and to support the expansion of our airframe parts distribution business.

Financing

Our management analyzes sources of financing based on the pricing and other terms and conditions in order to optimize the return on our investments. We have the ability to access the bank, governmental secured debt, securitization and debt capital markets. We generally do not engage in financing transactions for individual aircraft or engines. In April 2006, we entered into a $1.0 billion revolving credit facility with a syndicate of banks led by UBS to facilitate our growth strategy and the acquisition of aircraft up to 15 years of age. Simultaneously with the AeroTurbine Acquisition and the closing of the UBS facility, we put in place a $171.0 million facility that enables us to acquire eligible aircraft engines and parts of any age. These facilities provide us with large scale committed financing that will allow us to rapidly execute aircraft portfolio purchases.

Once we obtain sufficient aircraft through our revolving credit facilities, we generally leverage our extensive financing experience and access to the securitization and other long-term debt markets to obtain long-term, lower cost non-recourse financing. Since 1996, we have raised over $18 billion of funding in the global financial markets including over $9 billion of funds through initial issuances and refinancings in the aircraft securitization market. Most recently, in September 2005, we completed a $1.0 billion securitization of 42 aircraft subject to operating leases.

Employees

The table below provides the number of our employees at each of our geographical locations as of the dates indicated.

Location	December 31, 2003	December 31, 2004	December 31, 2005	September 30, 2006
Amsterdam, The Netherlands	79	80	71	69
Shannon, Ireland	20	23	27	36
Fort Lauderdale, FL	10	10	11	9
Miami, FL(1)	52	99	124	162
Goodyear, AZ(2)	—	—	—	67
Total	**161**	**212**	**233**	**343**

(1) Employees located in Miami, Florida are employees of AeroTurbine which we acquired in April 2006.

(2) On August 4, 2006 we leased an aircraft MRO facility located in Goodyear, Arizona and hired 74 of the employees working at the facility.

None of our employees are covered by a collective bargaining agreement and we believe that we maintain excellent employee relations. Although by law we are required to have a works council for our operations in The Netherlands, our employees have not elected to organize a works council. A works council is a council composed of employees with the task of promoting our interests and the interests of our employees.

Competition

The aircraft leasing and sales business is highly competitive. We face competition from aircraft manufacturers, financial institutions, other leasing companies, aircraft brokers and airlines. Competition for a leasing transaction is based on a number of factors, including delivery dates, lease rates, term of lease, other lease provisions, aircraft condition and the availability in the market place of the types of aircraft that can meet the needs of the customer. As a result of our geographical reach, diverse aircraft

portfolio and success in remarketing our aircraft, we believe we are a strong competitor in all of these areas; however, some of our competitors such as GE Commercial Aviation Service and International Lease Finance Corporation, have significantly larger and more diversified aircraft portfolios and greater access to financing than we do. As of September 2006, GE Commercial Aviation Service and International Lease Finance Corporation together, according to Airclaims Client Aviation System Enquiry Database, represent approximately 45.7% of the operating lease market and 55.7% of the orders from Boeing and Airbus held by operating lessors.

The engine leasing industry is fragmented and is also highly competitive. The engine leasing industry is generally divided into two principal competitive segments: short-term engine lessors that focus on providing temporary spare engine support while a customer's engine requires off-site MRO (typical 60 to 90 day lease periods) and long-term engine lessors that focus on providing spare or primary engines to operators as an alternative to ownership of the engine by the lessee (typical lease periods of over one year). Though we are much more active in the short-term engine leasing segment, we compete in both lease segments. The engine leasing market is primarily comprised of six major engine leasing companies, including ourselves. We believe we are a strong competitor, particularly in the short-term engine leasing segment, due to our rapid response in-house MRO capabilities; however, some of our competitors such as GE Engine Leasing, Shannon Engine Support, Engine Lease Finance, Pratt & Whitney Engine Leasing LLC, Rolls Royce and Partners Finance and Willis Lease Finance, have significantly larger and more diversified engine portfolios and greater access to financing than we do. We also encounter competition from airlines, financial institutions, engine brokers, consignment agencies and special purpose entities with investment objectives similar to ours.

The aircraft parts market is generally divided into two principal segments, consisting of (i) airframe parts sales and (ii) engine parts sales specialists. While we compete in both markets with a few large companies, we also separately compete with numerous other parts sales organizations, MRO service providers, original equipment manufacturers, commercial airlines and many smaller competitors primarily in the U.S. and Europe. Additionally, there are numerous small brokers and traders that generally sell from limited inventories and participate in niche markets. Competition in the aircraft and engine parts markets is based on quality, ability to provide a timely and consistent source of materials, ability to provide a multiple range of desirable products, speed of delivery and pricing.

Insurance

Our lessees are required under our leases to bear responsibility, through an operational indemnity subject to customary exclusions, and to carry insurance for, any liabilities arising out of the operation of our aircraft or engines, including any liabilities for death or injury to persons and damage to property that ordinarily would attach to the operator of the aircraft or engine. In addition, our lessees are required to carry other types of insurance that are customary in the air transportation industry, including hull all risks insurance for both the aircraft and each engine whether or not installed on our aircraft, hull war risks insurance covering risks such as hijacking, terrorism, confiscation, expropriation, nationalization and seizure (in each case at a value stipulated in the relevant lease which typically exceeds the net book value by 10%, subject to adjustment in certain circumstances) and aircraft spares insurance and aircraft third party liability insurance, in each case subject to customary deductibles. We are named as an additional insured on liability insurance policies carried by our lessees, and we and/or our lenders are designated as a loss payee in the event of a total loss of the aircraft or engine. We monitor the compliance by our lessees with the insurance provisions of our leases by securing confirmation of coverage from the insurance brokers. We also purchase insurance which provides us with coverage when our aircraft or engines are not subject to a lease or where a lessee's policy lapses for any reason. In addition we carry customary insurance for our property and parts inventory, and we also maintain customary product liability insurance covering liabilities arising from our aircraft, engine

and aviation parts trading activities. Insurance experts advise and make recommendations to us as to the appropriate amount of insurance coverage that we should obtain.

Regulation

While the air transportation industry is highly regulated, since we do not operate aircraft, we generally are not directly subject to most of these regulations. However, our lessees are subject to extensive regulation under the laws of the jurisdiction in which they are registered and in which they operate. These regulations, among other things, govern the registration, operation and maintenance of our aircraft and engines. Most of our aircraft are registered in the jurisdiction in which the lessee of the aircraft is certified as an air operator. Both our aircraft and engines are subject to the airworthiness and other standards imposed by our lessees' jurisdictions of operation. Laws affecting the airworthiness of aviation assets are generally designed to ensure that all aircraft, engines and related equipment are continuously maintained in proper condition to enable safe operation of the aircraft. Most countries' aviation laws require aircraft and engines to be maintained under an approved maintenance program having defined procedures and intervals for inspection, maintenance and repair.

In addition, under our leases, we may be required in some instances to obtain specific licenses, consents or approvals for different aspects of the leases. These required items include consents from governmental or regulatory authorities for certain payments under the leases and for the import, re-export or deregistration of the aircraft and engines. Also, to perform some of our cash management services and insurance services from Ireland under our management arrangements with our joint ventures and securitization entities, we are required to have a license from the Irish regulatory authorities which we have obtained.

With regard to our MRO activities, we maintain FAA and EASA certifications to conduct limited repair station tasks on engines. These certifications are subject to periodic review, and involve regulatory oversight and audit of the respective personnel and procedures utilized to conduct MRO services to aircraft, engines and components thereof, so as to ensure that our repair station managers and mechanics are properly qualified to perform the work for which we are certified. In addition, our MRO facility is subject to environmental regulation regarding, among other things, the use, storage and disposal of certain hazardous material.

Facilities

We lease our 30,000 square foot headquarters in Amsterdam, The Netherlands under a six year lease which began January 1, 2004. We also lease a 31,000 square foot facility in Shannon, Ireland where we conduct our aircraft management business. We lease our Shannon facility under a 20 year lease which began January 26, 2000 and have an option to terminate after ten years. In addition, we lease an 8,000 square foot facility in Fort Lauderdale, Florida under a ten year lease which began in February 1999. We believe that our facilities in Amsterdam, Ireland and Fort Lauderdale are sufficient for our operations.

We have a seven year lease for a 150,000 square foot complex located near the Miami International Airport that we use as an office and warehouse. Our Goodyear facility includes a 226,000 square foot hangar and substantial additional space for aircraft outdoor storage. We have a sublease expiring in February 2007 for this facility and have undertaken with the lessee to seek to enter into a lease directly with the owner of the facility. If we have not entered into a new lease with the lessor of the Goodyear facility by February 2007, the sublessor of the facility has agreed to assign its lease interest to us, provided we meet specified conditions.

Trademarks

We have registered the "AerCap" name with WIPO International (Madrid) Registry and the Benelux-Merkenbureau. We have made an application to register the "AerCap" name with the United States Patent and Trademark Office. The application is currently pending. We have registered the "AeroTurbine" name with the United States Patent and Trademark Office.

Litigation

In the ordinary course of our business, we are a party to various legal actions, which we believe are incidental to the operation of our business. Except as disclosed below, we believe that the outcome of the proceedings to which we are currently a party will not have a material adverse effect on our financial position, results of operations and cash flows.

VASP Litigation

We leased 13 aircraft and three spare engines to VASP, a Brazilian airline. In 1992, VASP defaulted on its lease obligations and we commenced litigation against VASP to repossess our aircraft. In 1992, we obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines from VASP. We repossessed and exported the aircraft and engines in 1992. VASP appealed this decision. In 1996, the High Court of the State of Sao Paulo ruled in favor of VASP on its appeal. We were instructed to return the aircraft and engines to VASP for lease under the terms of the original lease agreements. The High Court also granted VASP the right to seek damages in lieu of the return of the aircraft and engines. Since 1996 we have pursued this case in the Brazilian courts through various motions and appeals. On March 1, 2006, the Superior Court of Justice dismissed our most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006, we appealed this decision to the Federal Supreme Court. On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages and since then both we and VASP have appointed experts to assist the court in calculating damages. Our external legal counsel has advised us that even if we lose on the merits, they do not believe that VASP will be able to demonstrate any damages. We continue to actively pursue all courses of action that may be available to us and intend to defend our position vigorously. We are currently pursuing claims for damages in the English Courts against VASP based on the damages we incurred as a result of the default by VASP on its lease obligations. In October 2006, the English Courts approved our motion to serve process upon VASP in Brazil. Our management, based on the advice of external legal counsel, has determined that it is not necessary to make any provisions for this litigation.

Swedish Tax Dispute

In 2001, Swedish tax authorities challenged the position we took in tax returns we filed for the years 1999 and 2000 with respect to certain deductions. In accordance with Swedish law, we made a guaranty payment to the tax authority of $16.8 million in 2003. We appealed the decision of the tax authorities, and, in August 2004, a Swedish Court issued a ruling in our favor which resulted in a tax refund of $19.9 million (which included interest and the effect of foreign exchange movements for the intervening period). In September 2004, the Swedish tax authorities appealed the decision of the Court and filed an appeal with the Administrative Court of Appeal in Sweden. We have responded to that appeal. At the moment, it is considered likely that a decision will be forthcoming by the end of 2006. Our management, based on the advice of our tax advisors, has determined that it is not necessary to make any provisions for this tax dispute.

Export Credit Facility Financings

General. In April 2003, we entered into an $840.0 million export credit facility for the financing of up to 20 Airbus A320 aircraft. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by European export credit agencies. In January 2006, the export credit facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1.215 billion. The terms of the lending commitment in the export credit facility are such that the export credit agencies only approve funding for aircraft that are due for delivery on a six-months rolling basis and have no obligation to fund deliveries beyond that period. At September 30, 2006, we had financed 16 aircraft under the April 2003 export credit facility, plus one aircraft under prior export credit facilities. We had $589.1 million of loans outstanding under our April 2003 export credit facility and the previous export credit facilities as of September 30, 2006.

Interest Rate. Set forth below are the interest rates for our export credit facilities.

	Amount outstanding at September 30, 2006	Interest rate
	(US dollars in thousands)	
Floating Rate Tranches:	$ 99,303	Three-month LIBOR plus 0.12%
	404,136	Three-month LIBOR plus 0.25%
	48,596	Three-month LIBOR plus 0.30%
	12,604	Six-month LIBOR plus 0.80%
Fixed Rate Tranche:	24,467	Average fixed rate of 6.67%
Total:	**$ 589,106**	

Maturity Date. We are obligated to repay principal on the export credit facility over a 12-year term.

Collateral. The export credit facilities require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on these aircraft which transfer the risk and rewards of ownership of the aircraft to AerCap. The obligations outstanding under the export credit facilities are secured by, among other things, a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. The export credit facilities contain affirmative covenants customary for secured financings. The facilities also contain net worth financial covenants. In addition, loans under the 2003 export credit facilities contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. A change of control occurs under our April 2003 export credit facility if our shares cease to be listed on The New York Stock Exchange unless, at the time our shares cease to be listed on The New York Stock Exchange, at least 66.66% of our ordinary shares are owned and controlled by one or more shareholders rated at least BBB- by Standard & Poor's Ratings Services and Baa3 or more by Moody's Investors Service, Inc.

Aircraft Lease Securitisation

General. On September 15, 2005, we completed an aircraft lease portfolio securitization. Under the terms of the transaction, Aircraft Lease Securitisation issued $1.0 billion of indebtedness in four subclasses of notes to investors and certain equity securities to us. The proceeds of the sale of the

notes were used by Aircraft Lease Securitisation to acquire 42 aircraft from us and to pay the expenses relating to the securitization. The proceeds were also used to make payments on certain loans made by us to subsidiaries of Aircraft Lease Securitisation and to fund cash reserves that provide a source of liquidity to pay interest on the notes. The primary source of payments on the notes is lease payments on the aircraft owned by the subsidiaries of Aircraft Lease Securitisation. We consolidated Aircraft Lease Securitisation results with our financial results.

MBIA Insurance Corporation issued a financial guaranty insurance policy to support the payment of interest when due and principal on the final maturity on two subclasses of notes, the class G-1A and G-2A notes. The class G-1A and G-2A notes are rated Aaa and AAA by Moody's Investors Service and Standard & Poor's Ratings Services, respectively. The class C-1 notes are rated Baa2 and BBB+ by Moody's and Standard & Poor's, respectively, and the class D-1 notes are rated BB+ by Standard & Poor's.

Liquidity. Calyon provided a liquidity facility in the amount of $67.0 million, which may be drawn upon to pay expenses of Aircraft Lease Securitisation and its subsidiaries, senior swap payments and interest on the class G-1A and G-2A notes. Aircraft Lease Securitisation and its subsidiaries also maintain up to $10.0 million of cash reserves to provide a source of liquidity to pay interest on the class C-1 notes (or any subclass of class C notes that Aircraft Lease Securitisation may issue in the future) and up to $5.0 million of cash reserves to provide a source of liquidity to pay interest on the class D-1 notes (or any subclass of class D notes that Aircraft Lease Securitisation may issue in the future).

Interest Rate. Set forth below are the interest rates for our classes of notes.

	Amount outstanding at September 30, 2006	Interest rate
	(US dollars in thousands)	
G1-A notes	$ 690,490	One-month LIBOR plus 0.40%
G-2A notes	95,023	One-month LIBOR plus 0.45%
C-1 notes	66,417	One-month LIBOR plus 3.75%
D-1 notes	44,227	One-month LIBOR plus 6.50%
Total	**$ 896,157**	

Aircraft Management Services. We provide lease and aircraft management and re-leasing and remarketing services for Aircraft Lease Securitisation's aircraft for which we receive a retainer fee of 0.212% per year of the initial appraised value of the aircraft, which was $1.4 billion, a monthly fee equal to 1.0% of the aggregate rent actually paid each month, and a sales based incentive fee of 1.25% of the specified target sales prices for the sale or insured loss of an aircraft. The target sales price for an aircraft is 90% of the appraised value of the aircraft, which is adjusted annually. We also provide insurance services for which we receive an annual fee of $50,000 and administrative services for which we receive a monthly fee of $1,380 for each aircraft, subject to annual adjustments for inflation and a minimum of $0.2 million per year.

We may be terminated as manager and administrative agent by Aircraft Lease Securitisation or MBIA Insurance Corporation if we default on our obligations as manager or administrative agent or become insolvent. In addition, we may be terminated as manager if:

- at the time of an event of default under the trust indenture for the securitization, at least 12 aircraft are not subject to leases and have been off-lease and reasonably available for re-lease for the previous three months,
- an event of default arises under the trust indenture as a result of our failure as manager to perform certain covenants in the trust indenture and the failure affects more than 10% of the

Aircraft Lease Securitisation aircraft (based on the most recent appraised value of the aircraft at that time), or

- we, as manager, cease to be actively involved in the aircraft advisory and management business.

We, as manager, may not be removed or resign prior to the expiration of the servicing agreement unless a replacement manager has been appointed.

Payment Terms. The interest and principal payments on the notes are due on a monthly basis. The scheduled payments of principal have been calculated such that the principal balance of the notes will be equal to a certain scheduled percentage, different for each subclass of notes, of the appraised value of the aircraft, as such appraised value is decreased over time by an assumed amount of depreciation. On the first payment date, the scheduled percentage was 54.1361% for the class G-1A notes, which decreases gradually to 0.0% in August 2016. On the first payment date, the scheduled percentage was 6.9394% for the class G-2A notes and 4.8570% for the class C-1 notes, which in each case decreases a total of approximately one percent until September 2020, and will become 0.0% beginning in October 2020. On the first payment date, the scheduled percentage was 3.1357% for the class D-1 notes, which increases gradually to 3.3890% in September 2007 and will remain that percentage until October 2020, when the scheduled percentage will become 0.0%.

Aircraft Lease Securitisation may voluntarily redeem any subclass of the notes at a price that equals the outstanding principal balance of the applicable notes multiplied by a scheduled percentage. On the closing date of the securitization, the scheduled percentage was 101% for the class G-1A and G-2A notes, 103% for the class C-1 notes and 105% for the class D-1 notes, and each percentage decreases gradually until September 15, 2008. On that date, the redemption price of the notes will equal the outstanding principal balance of the notes. In addition, Aircraft Lease Securitisation must pay any accrued but unpaid interest on the notes and any premium due to MBIA Insurance Corporation upon redemption of the notes. Aircraft Lease Securitisation may redeem the notes in whole or in part, provided that if a default notice has been given under the trust indenture or the maturity of any notes has been accelerated then Aircraft Lease Securitisation may only redeem the notes in whole.

Maturity Date. The final maturity date of the notes will be September 9, 2030.

Collateral. The property of Aircraft Lease Securitisation includes the rights under the financial guaranty insurance policy. The notes are secured by security interests in and pledges or assignments of equity ownership and beneficial interests in the subsidiaries of Aircraft Lease Securitisation, as well as by the interests of Aircraft Lease Securitisation's subsidiaries' interests in leases of the aircraft they own, by cash held by or for them and by their rights under agreements with the service providers. Rentals and reserves paid under leases of the Aircraft Lease Securitisation aircraft will be placed in a collection account and paid out according to a priority of payments.

UBS Revolving Credit Facility

General. On April 26, 2006, our consolidated subsidiary, AerFunding 1 Limited entered into a non-recourse senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. The revolving loans under the UBS revolving credit facility are divided into three classes: class A loans, which have a maximum advance limit of $715.0 million, class B loans, which have a maximum advance limit of $180.0 million, and class C loans, which have a maximum advance limit of $105.0 million. As of September 30, 2006, we had $128.0 million of loans outstanding under the UBS revolving credit facility. Borrowings under the UBS revolving credit facility can be used to finance between 72% and 84% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 85% and 86% of the lower of the purchase price and the appraised value of the acquired aircraft. In addition, value enhancing

expenditures and required liquidity reserves are also funded by the lenders. All borrowings under the UBS revolving credit facility are subject to the satisfaction of customary conditions and restrictions on the purchase of aircraft that would result in our portfolio becoming too highly concentrated, with regard to both aircraft type and geographical location. Notwithstanding these restrictions, we believe that the UBS revolving credit facility provides us with significant flexibility to purchase and finance aircraft.

Interest Rate. Borrowings under the UBS revolving credit facility bear interest (a) in the case of class A loans, based on the eurodollar rate plus the class A applicable margin, (b) in the case of class B loans, based on the eurodollar rate plus the class B applicable margin or (c) in the case of class C loans, based on the eurodollar rate plus the class C applicable margin. The following table sets forth the applicable margin for the three classes of the UBS revolving credit facility during the periods specified:

	Class A	Class B	Class C
Borrowing period(1)	1.75%	4.25%	6.00%
First 180 days following conversion	2.50%	5.00%	6.75%
From 181 days to 360 days following conversion	3.00%	5.50%	7.25%
From 361 days to 450 days following conversion	3.25%	5.75%	7.50%
From 450 days to 541 days following conversion	3.50%	6.00%	7.75%
Thereafter	3.75%	6.25%	8.00%

(1) The borrowing period is two years after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.22% fee on any unused portion of the unused class A loan commitment (b) a 0.37% fee on any unused portion of the unused class B loan commitment and (c) a 0.50% fee on any unused portion of the unused class C loan commitment.

Payment Terms. Interest on the loans is due on a monthly basis. Principal on the loans amortizes on a monthly basis to the extent funds are available. All outstanding principal not paid during the term is due on the maturity date.

Prepayment. Advances under the UBS revolving credit facility may be prepaid without penalty upon notice, subject to certain conditions. Mandatory partial prepayments of borrowings under the UBS revolving credit facility are required:

- upon the sale of certain assets by a borrower, including any aircraft or aircraft engines financed or refinanced with proceeds from the UBS revolving credit facility;
- upon the occurrence of an event of loss with respect to an aircraft or aircraft engine financed with proceeds from the UBS revolving credit facility from the proceeds of insurance claims; and
- upon the securitization of any interests or leases with respect to aircraft or aircraft engines financed with proceeds from the UBS revolving credit facility.

Maturity Date. The maturity date of the UBS revolving credit facility is April 26, 2012.

Cash Reserve. AerFunding is required to maintain up to (a) 6.0% of the borrowing value of the aircraft in reserve for the benefit of the class A and B lenders and (b) 0.40% of the borrowing value of the aircraft in reserve for the benefit of the class C lenders. Amounts held in reserve for the benefit of the class A and B lenders are available to the extent there are insufficient funds to pay required expenses, hedge payments or principal of or interest on the class A and B loans on any payment date. Amounts held in reserve for the benefit of the class C lenders are available to the extent there are insufficient funds to pay principal of and interest on the class C loans on any payment date. The amounts on reserve are funded by the lenders.

Collateral. Borrowings under the UBS revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets.

Certain Covenants. The UBS revolving credit facility contains covenants that, among other things, restrict, subject to certain exceptions, the ability of AerFunding and its subsidiaries to:

- sell assets;
- incur additional indebtedness;
- create liens on assets, including assets financed with proceeds from the UBS revolving credit facility;
- make investments, loans, guarantees or advances;
- declare any dividends or other asset distributions other than to distribute funds paid to us out of the flow of funds under the UBS revolving credit facility;
- make certain acquisitions;
- engage in mergers or consolidations;
- change the business conducted by the borrowers and their respective subsidiaries;
- make specified capital expenditures, other than those related to the purchase, maintenance or conversion of assets financed with proceeds from the UBS revolving credit facility;
- own, operate or lease assets financed with proceeds from the UBS revolving credit facility; and
- enter into a securitization transaction involving assets financed with proceeds from the UBS revolving credit facility unless certain conditions are met.

AeroTurbine Calyon Loans and Facility

General. On April 26, 2006, our wholly-owned subsidiary, AeroTurbine, entered into a senior secured term loan and a revolving credit facility with Calyon and certain other financial institutions identified therein. The senior secured term loan provided for a term loan of up to $160.0 million and the revolving credit facility provided for revolving loans of up to $171.0 million. Concurrently with these loans, AeroTurbine entered into a junior term loan with Calyon and certain other financial institutions that provided for a term loan in the amount of up to $15.0 million. As of September 30, 2006, AeroTurbine had $215.9 million outstanding under the Calyon loans and facility. We intend to repay a portion of the outstanding amounts owed under the senior secured term loan and the junior subordinated loan with the proceeds from the sale or ordinary shares by us in this offering.

Interest Rate. Set forth below are the interest rates for the Calyon loans and facility.

	Amount outstanding at September 30, 2006	Interest rate
	(US dollars in thousands)	
Tranche A	$ 156,800	Three-month LIBOR plus 2.75%
Tranche B	15,000	Three-month LIBOR plus 5.50%
Revolver	44,115	Three-month LIBOR plus 3.00%
Total	**$ 215,915**	

Prepayment. Advances under the Calyon loans and facility may be prepaid subject to a prepayment fee during the initial two years of the loans and facility. Mandatory prepayments of the Calyon loans and facility are required:

- if the aggregate principal amount of loans under the senior secured term loan and the revolving credit facility exceeds the borrowing base; and

- upon the receipt of proceeds of any property or casualty insurance claim or any condemnation proceeding relating to any asset of the AeroTurbine or its subsidiaries.

Payment Terms. Payments of principal and interest under the senior secured term loan are due on a quarterly basis. Payments of principal and interest on the revolving credit facility and the junior term loan are due on the maturity date, provided that the revolving credit facility and the senior secured term loan must have been repaid in full before the junior term loan can be repaid. All outstanding loans not paid during the term shall be due on the maturity date.

Maturity Date. The maturity date of the Calyon loans and facility is April 26, 2011.

Guarantor. All obligations of AeroTurbine under the junior term loan are unconditionally guaranteed by AerCap B.V. AerCap B.V. does not guarantee the senior secured term loan or the revolving credit facility.

Collateral. Borrowings under the Calyon loans and facility are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AeroTurbine and its subsidiaries, as well as by all assets of AeroTurbine and its subsidiaries.

Certain Covenants. The Calyon loans and facility contains a number of covenants that, among other things, restrict, subject to certain exceptions, the ability of AeroTurbine to:

- incur additional indebtedness;

- create liens on assets, including assets financed with proceeds from Calyon loans and facility;

- make advances, loans, extensions of credit, guarantees, capital contributions or other investments;

- declare or pay any dividends or other asset distributions;

- prepay, defease or amend the terms of the junior term loan;

- engage in mergers or consolidations;

- engage in certain sale-leaseback transactions;

- change the business conducted by AeroTurbine and its subsidiaries; and

- make certain capital expenditures.

In addition, the Calyon loans and facility require AeroTurbine to maintain certain minimum debt-to-earnings and earnings-to-expenses ratios.

Japanese Operating Lease Financings

General. We entered into several Japanese operating lease financing structures to finance aircraft acquisitions. Funding under these structures is provided through a combination of senior commercial bank debt and subordinated loans from Japanese investors. At September 30, 2006, we had financed three aircraft under Japanese operating lease financings. The aggregate principal amount of the loans outstanding under Japanese operating leases financings was $100.5 million as of September 30, 2006.

Interest Rate. Set forth below are the interest rates for our senior loans and subordinated debt.

	Amount outstanding at September 30, 2006	Average interest rates
	(US dollars in thousands)	
Senior debt	$ 70,982	Three-month LIBOR plus 0.95%
Subordinated debt	29,563	Fixed rates 4.03%
Total	**$ 100,545**	

Collateral. Our Japanese operating leases financings require legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. We have entered into lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to us. The obligations outstanding under our Japanese operating leases financings are secured by a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by AerCap Holdings N.V.

Certain Covenants. Our Japanese operating leases financings contain affirmative covenants customary for secured financings.

AerVenture Pre-delivery Payment Facility

General. In November 2005, AerVenture signed a letter of intent to purchase up to 70 Airbus A320 family aircraft. A purchase agreement for the aircraft was signed in January 2006. The aircraft are scheduled to be delivered between November 2007 and August 2010. Under the purchase agreement, AerVenture agreed to make scheduled pre-delivery payments to Airbus prior to the physical delivery of each aircraft. In connection with the scheduled delivery of the first 30 aircraft before the end of 2009, AerVenture and Calyon have signed a term sheet pursuant to which Calyon has agreed to arrange and manage a syndicated credit facility, the AerVenture facility, to finance a portion of the pre-delivery payments to Airbus in an amount up to $119.0 million. Calyon's obligations under the term sheet are subject to Calyon receiving internal approvals as well as the parties entering into definitive documentation. Prior to drawing on the AerVenture facility, AerVenture will pay 54% of the pre-delivery payment amount owed for each aircraft to be delivered in 2007, 60% of such amounts for each aircraft to be delivered in 2008 and 42% of such amount for each aircraft to be delivered in 2009. AerVenture must repay the lenders for the amounts drawn for the pre-delivery payment for each aircraft at the delivery date of that aircraft or, if the aircraft is not delivered on the scheduled delivery date, within three months of the scheduled delivery date.

Interest Rate. Borrowings under the AerVenture facility will bear interest at a floating interest rate of one-month LIBOR plus 1.65%, payable monthly in arrears after the initial drawing on the AerVenture facility.

Prepayment. Borrowings under the AerVenture facility may be prepaid without penalty, except for break funding costs if payment is made on a day other than an interest payment date. AerVenture will be required to repay the pre-delivery payment financing relating to an aircraft on the date the aircraft is delivered to AerVenture.

Maturity Date. The maturity date of the AerVenture facility will be January 31, 2010.

Collateral. Borrowings under the AerVenture facility will be secured by security interests in AerVenture's shares, substantially all of its assets and certain of its rights under the purchase agreement in respect of the 30 aircraft financed by the lenders, including the right to take delivery of each aircraft.

Certain Covenants. The AerVenture facility contains customary affirmative covenants. We have covenanted to maintain a minimum of 25% of the shares of AerVenture until the AerVenture facility is fully repaid.

Bella Term Loans

General. On each of April 21, 2006 and May 10, 2006, our 50% owned consolidated joint venture, Bella Aircraft Leasing 1 Limited, entered into a loan agreement with DVB Bank AG, London Branch to provide for two term loans of up to $31.2 million and $28.0 million, each to finance the purchase of an aircraft. The maturity dates of the loans are February 27, 2009 and May 11, 2011, respectively. Borrowings under the loans are secured by security interests in and pledges of all shares in the borrower, the accounts to which lease payments are made, the aircraft, and certain of the borrower's rights under the lease and the loan documents. As of September 30, 2006, the amount outstanding under each loan was $29.9 million and $27.2 million, respectively.

Interest Rate. Borrowings under the April 21, 2006 loan agreement bear interest at a fixed rate of 7.32%. Borrowings under the May 10, 2006 loan agreement bear interest at a fixed rate of 7.70%.

Certain Covenants. The loans include general and operating covenants that restrict the borrower from incurring additional indebtedness and other limitations which are customary for such credit facilities.

GATX Aircraft Calyon Facility

General. On October 12, 2006, a wholly-owned subsidiary entered into a senior secured loan facility in the aggregate amount of up to $248.0 million with Calyon and certain other financial institutions in order to finance the purchase of up to 25 aircraft from GATX. Borrowings under the senior facility can be used to finance the lesser of 70% of the purchase price of each aircraft and a scheduled percentage of the loan amount allocated to such aircraft. Concurrently with this facility, we will provide junior and subordinated debt to finance the balance of the purchase price. This subsidiary will enter into (a) a junior loan facility with us in an aggregate amount of up to $30.5 million to finance a portion of the purchase price of each aircraft not financed under the senior facility and (b) a subordinated note purchase agreement to finance the portion of the purchase price of each such aircraft not financed under the senior facility or the junior facility. Initially, we or one of our wholly-owned subsidiaries will provide the junior loan facility and the subordinated note financing.

Interest Rate. Borrowings under the senior facility bear interest at a rate of one month LIBOR plus 1.75% per annum for the first five years of the term, and at a rate of one month LIBOR plus 2.25% per annum for the remainder of the term.

Prepayment. After full repayment of amounts outstanding under the liquidity facility described below, prepayment of borrowings under the senior facility is permitted with notice, subject to a prepayment fee during the initial two years of the senior facility. Mandatory prepayments of borrowings related to a particular aircraft are required:

- upon the sale or other disposal of a financed aircraft;
- upon the total loss of a financed aircraft; and
- if any document granting a security interest to the senior and junior lenders and other secured parties ceases to be in full force and effect.

Payment Terms. Payments of principal and interest under the loan are due on a monthly basis, and all outstanding principal not paid during the term is due on the final maturity date.

Maturity Date. The final maturity date of the loans is October 12, 2013.

Put to AerCap. If the junior and senior loans attributable to any financed aircraft are not paid by the earlier of (a) the 21st anniversary of the date of manufacture of such aircraft and (b) the final maturity date of the loans, then the collateral agent for the lenders may cause such aircraft to be sold to our wholly-owned subsidiary, AerCap B.V., for a purchase price equal to the outstanding principal amount of the junior and senior loans attributable to such aircraft together with breakage costs plus a pro rata portion of any amounts outstanding under the liquidity facility and taxes and expenses.

Liquidity Facility. Calyon will provide a liquidity facility in the amount of $27.0 million through December 2006 (or February 2007 subject to certain conditions); thereafter the liquidity facility will be available in an amount equal to the greater of (i) $10.0 million and (ii) $27.0 million multiplied by a fraction, the numerator of which is the aggregate outstanding principal amount under the senior and junior facilities and the denominator of which is the aggregate amounts committed under the senior and junior facilities. The liquidity facility may be drawn upon to finance any shortfall in certain amounts owed on any repayment date, including, minimum principal payments, payments of interest due under the senior or junior facility and certain expenses.

Aircraft Management Services. We will provide aircraft management services in respect of the financed aircraft, for which we will receive a fee.

Collateral. Borrowings under the senior facility are secured by mortgages on the aircraft and security interest in and pledges or assignments of all the shares and other ownership interests in the borrower and its subsidiaries, as well as their bank accounts and lease interests.

Certain Covenants. The loans include general and operating covenants that restrict the borrower from incurring additional indebtedness and other limitations which are customary for such credit facilities.

Other Commercial Bank Financings

We have entered into various commercial bank financings to fund the purchase of aircraft. The financings mature at various dates through 2019. The interest rates are LIBOR-based with spreads ranging from 0.95% to 1.80%. The financings are secured by, among other things, a pledge of the shares of the subsidiaries owning the related aircraft, a guarantee from us and, in certain cases, a mortgage on the applicable aircraft. The aggregate principal amount of the loans outstanding under the commercial bank financings was $305.0 million as of September 30, 2006.

All of our financings contain affirmative covenants customary for secured financings. Four of the commercial bank financings contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. The lenders have waived their change of control rights in connection with this offering.

MANAGEMENT

Directors and Executive Officers

The following table sets forth certain information about the persons we expect will serve as our directors and executive officers upon completion of this offering.

Name	Age	Position
Directors		
Pieter Korteweg	64	Non-Executive Chairman of the Board of Directors
Ronald J. Bolger	58	Non-Executive Director
James N. Chapman	44	Non-Executive Director
Klaus W. Heinemann	55	Executive Director, Chief Executive Officer
W. Brett Ingersoll	43	Non-Executive Director
Marius J.L. Jonkhart	56	Non-Executive Director
Gerald P. Strong	61	Non-Executive Director
David J. Teitelbaum	35	Non-Executive Director
Robert G. Warden	33	Non-Executive Director
Executive Officers		
Wouter M. (Erwin) den Dikken	38	Chief Legal Officer
Patrick P. den Elzen	40	Head of Trading
Soeren E. Ferré	38	Head of Europe, Middle East, Africa & Asia/Pacific Regions
Nicolas Finazzo	49	AeroTurbine Chief Executive Officer
Keith A. Helming	47	Chief Financial Officer
Aengus Kelly	33	Group Treasurer
Heinrich H. Loechteken	44	Chief Investment Officer
Anil Mehta	56	Executive Vice President of Americas
Robert B. Nichols	50	AeroTurbine Chief Operating Officer
Cole T. Reese	41	Chief Tax & Accounting Officer
Reynoud K. Simonis	43	Chief Technical Officer

Directors

Pieter Korteweg. Mr. Korteweg has been a director of our company since September 20, 2005. He currently serves as a member of the Supervisory Boards of DaimlerChrysler Netherlands B.V. and Hypo Real Estate Holding AG, as well as several Cerberus portfolio companies, including Aozora Bank Ltd. He also serves as senior advisor to Anthos B.V. Mr. Korteweg previously served as Chairman of the Supervisory Board of Pensions and Insurance Supervisory Authority of The Netherlands, Chairman of the Supervisory Board of the Dutch Central Bureau of Statistics and Vice-Chairman of the Supervisory Board of De Nederlandsche Bank from 2002 to 2004. From 1987 to 2001, Mr. Korteweg was President and Chief Executive Officer of the Group Executive Committee of Robeco Group in Rotterdam. From 1981 to 1986, he was Treasurer-General at The Netherlands Ministry of Finance. In addition, Mr. Korteweg was a professor of economics from 1971 to 1998 at Erasmus University Rotterdam in The Netherlands. Mr. Korteweg holds a PhD in Economics from Erasmus University Rotterdam.

Ronald J. Bolger. Mr. Bolger has been a director of our company since October 11, 2005. Mr. Bolger currently serves as a member of the board of directors of a number of companies including Ely Capital Ltd., Irish Food Processors, C & D Foods Ltd., Galway Clinic Doughiska Ltd. and EBS Building Society. He is a former Managing Partner of KPMG Ireland and has wide experience in the financial services industry. He served on the Irish Prime Minister's Committee for Dublin's

International Financial Services Centre from 1987 to 2002. Mr. Bolger was appointed Honorary Consul General of Singapore in Ireland in 2000. Mr. Bolger is a Chartered Accountant and holds a BA in Economics from University College Dublin.

James N. Chapman. Mr. Chapman has been a director of our company since December 7, 2005. Mr. Chapman is non-executive Vice Chairman and Director of JetWorks Leasing, LLC, an aircraft management services company based in Greenwich, Connecticut, which he joined in December 2004. Prior to JetWorks, Mr. Chapman joined Regiment Capital Advisors, LLC in January 2003, a high-yield hedge fund based in Boston. Prior to Regiment, Mr. Chapman was a capital markets and strategic planning consultant and worked with private and public companies as well as hedge funds (including Regiment) across a range of industries. Mr. Chapman was affiliated with The Renco Group, Inc. from December 1996 to December 2001. Presently, Mr. Chapman serves as a member of the board of directors of Coinmach Service Corp., as well as a number of private companies. Mr. Chapman received an MBA with distinction from Dartmouth College and was elected as an Edward Tuck Scholar. He received his BA, with distinction, *magna cum laude*, from Dartmouth College and was elected to *Phi Beta Kappa*, in addition to being a Rufus Choate Scholar.

Klaus W. Heinemann. Mr. Heinemann has been the Chief Executive Officer of our company since April 2003 and has over 25 years of experience in the aviation financing industry. Mr. Heinemann has been a director of our company since 2002. Mr. Heinemann joined our company in October 2002 from DVB Bank, where he was a Member of the Executive Board. In 1988 he joined the Long-Term Credit Bank of Japan in London as Deputy General Manager and Head of the Aviation Group. He was later appointed as Joint General Manager of the Head Office at the Long-Term Credit Bank of Japan, where he was responsible for the Transportation Finance division before this division was sold to DVB Bank in 1998. Mr. Heinemann started his career with Bank of America in 1976, where he helped to build up its Aviation Finance department in Europe. Mr. Heinemann holds the degree of Diplom-Kaufmann (Bachelor of Commerce) from the University of Hamburg.

W. Brett Ingersoll. Mr. Ingersoll has been a director of our company since September 20, 2005. He is currently a Managing Director of Cerberus Capital Management, L.P., a senior member of its Private Equity Practice and a member of its Investment Committee. Mr. Ingersoll is also a director of ACE Aviation Holdings Inc. and a member of the Audit, Finance and Risk Committee and the Human Resources and Compensation Committee of ACE Aviation Holdings Inc. In addition, Mr. Ingersoll is a director of various public and private companies, including Coram Health Care, IAP Worldwide Services, Inc., Aeroplan (AER TO), Pitney Bowes, Talecris Bio Therapeutics, Inc. and Endura Care, LLC. Prior to joining Cerberus in 2002, Mr. Ingersoll was a Partner at JP Morgan Partners (formerly Chase Capital Partners) from 1993 to 2002. Mr. Ingersoll received his MBA from Harvard Business School and his BA from Brigham Young University.

Marius J.L. Jonkhart. Mr. Jonkhart has been a director of our company since October 11, 2005. Mr. Jonkhart is currently the Chief Executive Officer of NOB Holding N.V. He is currently also a member of the Supervisory Boards of Connexxion Holding N.V., Corus Netherland N.V. and Staatsbosbeheer, Chairman of the Supervisory Board of Ruimte voor Ruimte Beheer B.V. and a non-executive director of Aozora Bank. Mr Jonkhart was previously the Chief Executive Officer of De Nationale Investerings Bank N.V. and also served as the director of monetary affairs of the Dutch Ministry of finance. He was also a professor of finance at Erasmus University Rotterdam. He has served as a member of a number of supervisory boards, including the Supervisory Boards of the European Investment Bank, Bank Nederlandse Gemeenten N.V., Postbank N.V., NPM Capital N.V., Kema N.V., AM Holding N.V. and De Nederlandsche Bank N.V. He has also served as chairman of the Investment Board of ABP Pension Fund and several other funds. Mr. Jonkhart holds a Master's degree in Business Administration, a Master's degree in Business Economics and a PhD in Economics from Erasmus University Rotterdam.

Gerald P. Strong. Mr. Strong has been a director of our company since July 26, 2006. He currently is a Managing Director of Cerberus Capital Partners' operations in Europe. Mr. Strong has extensive senior experience in a number of industries, including airlines, global communications, retailing, and consumer products. He has served senior roles in the restructuring and building of a number of international businesses in his career. Mr. Strong was Chairman of the Advisory Board on Telecom Security to the government of the United Kingdom from 2002 to 2005 and President and Chief Executive Officer of Teleglobe International Holdings Limited. He is also a member of the Governing Council of the Ashridge Business School, a Director of NewPage Corporation and Chairman of Virtual IT. Mr. Strong received his BA with honors from Trinity College, Dublin.

David J. Teitelbaum. Mr. Teitelbaum has been a director of our company since September 20, 2005. Mr. Teitelbaum is a Managing Director of Cerberus Capital Management, LLC and has worked for Cerberus and/or its affiliates since 1997. Prior to joining Cerberus, Mr. Teitelbaum worked in the investment banking department of Donaldson, Lufkin & Jenrette. Mr Teitelbaum holds a BS in Business Administration from the University of California, Berkeley.

Robert G. Warden. Mr. Warden has been a director of our company since September 20, 2005. He is also currently a Managing Director of Cerberus Capital Management, L.P., which he joined in February 2003. Mr. Warden is also currently a director of Aeroplan and Bluelinx Corporation. Prior to joining Cerberus, Mr. Warden was a Vice President at J.H. Whitney from May 2000 to February 2003, a Principal at Cornerstone Equity Investors LLC from July 1998 to May 2000 and an Associate at Donaldson, Lufkin & Jenrette from July 1995 to July 1998. Mr. Warden received his AB from Brown University.

Executive Officers

Wouter M. (Erwin) den Dikken. Mr. den Dikken was appointed as our Chief Legal Officer in 2005 and has served as the Head of the Group Legal Services department since 2004. He joined our legal department in 1998. Prior to joining us, Mr. den Dikken worked for an international packaging company in Germany as Senior Legal Counsel where he focused on mergers and acquisitions. Mr. den Dikken holds a law degree from Utrecht University.

Patrick P. den Elzen. Mr. den Elzen was appointed as the Head of Trading in 2005 and he served as the Vice President of Financial Engineering of our company prior to this appointment. Prior to joining us in October 2003, Mr. den Elzen worked as the Senior Vice President of Corporate Development with IEM Airfinance for two years, and before that, he worked in various capacities with ING Bank and ING Lease for eight years. Mr. den Elzen holds a Master's degree from the University of Amsterdam in Business Administration and International Financial Markets.

Soeren E. Ferré. Mr. Ferré has been the Head of Europe, Middle East, Africa & Asia/Pacific Region of our company since June 2006. He joined our company in September 2003 as Vice President of Marketing for the Asia/Pacific region. In July 2004, he was appointed as the Head of Sales and Marketing for the Asia/Pacific region. He started his career at Airbus in 1990 and was based in Toulouse, France. In 1995, he moved to China and became the head of the marketing team covering China, Hong Kong and Macau for Airbus prior to becoming a Sales Director in 1999 in charge of the major Chinese airlines. In 2001, Mr. Ferré moved to Sydney to become the Director of Sales for the Pacific region for Airbus where he was in charge of the major airlines in that region. Mr. Ferré holds a Bachelor's degree in Engineering from the ENAC—Ecole National de l'Aviation Civile.

Nicolas Finazzo. Mr. Finazzo is the Chief Executive Officer of AeroTurbine, which he co-founded in 1997. He has been active in the aviation industry for over 25 years. In 1982 he founded Air Florida commuter carrier Southern Express Airways. In 1987 Mr. Finazzo joined Miami-based Greenwich Air Services as Vice President—Contracts. In 1992 he became Vice President & General Counsel to

Miami-based International Air Leases, and in 1997, he accepted a similar position at Miami-based AeroThrust Corp. Mr. Finazzo earned a JD from the University of Miami School of Law and a BS in Political Science from the University of Michigan. He is a member of the Florida Bar and also holds an Airframe & Powerplant license issued by the Federal Aviation Administration.

Keith A. Helming. Mr. Helming assumed the position of Chief Financial Officer of AerCap effective August 21, 2006. Prior to joining us, he was a long standing executive at GE Capital Corporation, including serving recently for five years as Chief Financial Officer at aircraft lessor GE Commercial Aviation Services (GECAS). He was with General Electric Company for over 25 years, beginning with their Financial Management Program in 1981. In addition to the GECAS role, Mr. Helming served as the Chief Financial Officer of GE Corporate Financial Services, GE Fleet Services and GE Consumer Finance in the United Kingdom, and also held a variety of other financial positions throughout his career at GECC. Mr. Helming holds a Bachelor of Science degree in Finance from Indiana University.

Aengus Kelly. Mr. Kelly has been the Group Treasurer of our company since 2005. He started his career in the aviation leasing and financing business with Guinness Peat Aviation in 1998 and has continued working with its successors AerFi in Ireland and debis AirFinance and AerCap in Amsterdam. Prior to joining GPA in 1998, he spent three years with KPMG in Dublin. Mr. Kelly is a Chartered Accountant and holds a Bachelor's degree in Commerce and a Master's degree in Accounting and Finance from University College Dublin.

Heinrich H. Loechteken. Mr. Loechteken has been the Chief Investment Officer of our company since August 2006. Prior to serving as our Chief Investment Officer, Mr. Loechteken served as our Chief Financial Officer between September 2002 and August 2006. Prior to his employment with us, Mr. Loechteken served as the Chief Financial Officer of DaimlerChrysler Capital Services in Norwalk, Connecticut, where he was responsible for the financial operations of the non-automotive finance activities of DaimlerChrysler in North America, Europe and Asia. He also served as the Chief Credit Officer for DaimlerChrysler Services in Berlin, Germany prior to his appointment as Chief Financial Officer. Before joining DaimlerChrysler in 1996, he worked for six years in various positions in corporate finance, credit analysis and credit risk management at Deutsche Bank. Mr. Loechteken holds the degree of Diplom-Kaufmann from the University of Muenster where he majored in Finance and Bank Controlling.

Anil Mehta. Mr. Mehta has been the Executive Vice President of Americas for our company since June 2006. Prior to serving in this capacity, he was the Head of Europe, Middle East, Africa & Indian Subcontinent Region since 2004. Mr. Mehta joined our company in 1997 in the Marketing and Sales Department and was promoted to become the Executive Vice President of Marketing and a Member of the Group Executive Committee in 2003. Mr. Mehta has over 30 years of experience in the aviation industry. Mr. Mehta has served in various capacities at Fokker Aircraft based in Amsterdam, holding various positions in Flight Test, Performance Engineering, Marketing and Sales. In 1989 he moved to the United States to serve as Regional Sales Director. Anil Mehta has a Bachelor's Degree in Engineering from Birla Institute of Technology & Science in Pilani, India.

Robert B. Nichols. Mr. Nichols is the Chief Operating Officer for AeroTurbine and co-founded AeroTurbine in 1997. He has been active in the aviation industry for over 20 years. He joined Aviall in 1982 and assumed various roles in the administration of JT8D & CFM56-3 power plant maintenance. Mr. Nichols joined Braniff Airways in 1988 as Manager of Powerplant & Warranty Administration and participated in the oversight of outsourced powerplant maintenance covering JT8D, V2500 and Tay-650 engines. When Braniff ceased operations, Mr. Nichols joined Greenwich Air Services in 1989 as Director of Engine Maintenance Sales. In 1990 he joined AeroThrust Corp. where he became Vice President of Engine Sales & Leasing. Mr. Nichols is a graduate of the University of Texas where he earned a BS in Business Administration.

Cole T. Reese. Mr. Reese has been the Chief Tax and Accounting Officer of our company since September 2002. Prior to joining AerCap, Mr. Reese worked for nine years for MCC Financial Corporation, a turboprop operating lessor in Washington D.C., where he ultimately became Chief Financial Officer. Mr. Reese also worked for three years with Ernst & Young. He is a U.S. certified public accountant and holds a Master's degree in Accountancy and a BS in Accounting from Brigham Young University.

Reynoud K. Simonis. Mr. Simonis has been the Chief Technical Officer of our company since 2005. Mr. Simonis joined our company in 1998 as Technical Manager and was eventually promoted to become Senior Vice President of the Technical department. Mr. Simonis started his career in 1989 at the Schreiner Aviation Group where he held various positions in technical management, quality management and material management, and was based in The Netherlands as well as Lagos, Nigeria. In 1996, he joined Transavia Airlines as Quality Manager. Mr. Simonis holds a Master's degree in Aerospace Engineering from the Delft University of Technology.

Board of Directors

General

Our Board of Directors currently consists of nine directors, eight of whom are non-executive directors and are independent under the independence definition in The Netherlands Corporate Governance Code. All of our non-executive directors are independent under the independence criteria of the NYSE.

According to our criteria, to be considered "independent", a director (and his or her spouse and immediate relatives) may not, among other things, (i) in the five years prior to his or her appointment, have been an employee or executive director of us or our affiliates, (ii) in the year prior to his or her appointment, have had an important business relationship with us or our affiliates, (iii) receive any financial compensation from us other than for the performance of his or her duties as a director or other than in the ordinary course of business, (iv) hold 10% or more of our ordinary shares (including ordinary shares subject to any shareholder's agreement), (v) be a member of the management or supervisory board of a company owning 10% or more of our ordinary shares, and (vi) in the year prior to his or her appointment, has temporarily managed our day-to-day affairs while the executive director was unable to discharge his or her duties.

The directors are appointed at the general meeting of the shareholders. Our directors may be elected by the vote of a majority of votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the election. Without a Board of Directors proposal, directors may also be elected by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital.

Shareholders may remove or suspend a director by the vote of a majority of the votes cast at a general meeting of shareholders provided that our Board of Directors has proposed the removal. Our shareholders may also remove or suspend a director, without there being a proposal by the Board of Directors, by the vote of a majority of the votes cast at a general meeting of shareholders if the majority represents at least one-third of our issued capital.

Under our Articles of Association, the rules for the Board of Directors and the board committees and Netherlands corporate law, the members of the Board of Directors are collectively responsible for the management, general and financial affairs and policy and strategy of our company.

The executive director is our Chief Executive Officer, who is primarily responsible for managing our day-to-day affairs as well as other responsibilities that have been delegated to the executive director in accordance with our Articles of Association and our internal rules for the Board of Directors. The non-executive directors supervise the Chief Executive Officer and our general affairs and provide

general advice to our Chief Executive Officer. In performing their duties, the non-executive directors are guided by the interests of the company and shall, within the boundaries set by relevant Netherlands law, take into account the relevant interests of our shareholders. The internal affairs of the Board of Directors are governed by our rules for the Board of Directors.

The Chairman of the Board is obligated to insure, among other things, that (i) each director receives all information about matters that he or she may deem useful or necessary in connection with the proper performance of his or her duties, (ii) each director has sufficient time for consultation and decision-making, and (iii) the Board of Directors and the board committees are properly constituted and functioning.

Each director has the right to cast one vote and may be represented at a meeting of the Board of Directors by a fellow director. The Board of Directors may pass resolutions only if a quorum of four directors, including our Chief Executive Officer, the Chairman or Vice Chairman is present at the meeting. All resolutions must be passed by an absolute majority of the votes cast. If there is a tie, the matter will be decided by the Chairman of our Board of Directors or in his or her absence, the Vice Chairman.

Subject to Netherlands law, resolutions may be passed in writing by a majority of the directors in office. Pursuant to the internal rules for our Board of Directors, a director may not participate in discussions or the decision-making process on a transaction or subject in relation to which he or she has a conflict of interest with us. Resolutions to enter into such transactions must be approved by a majority of our Board of Directors, excluding such interested director or directors.

Committees of the Board of Directors

The Board of Directors has established a Group Executive Committee, a Group Portfolio and Investment Committee, a Group Treasury and Accounting Committee, an Audit Committee and a Nomination and Compensation Committee.

Our Group Executive Committee is responsible for our operational management. It is chaired by our Chief Executive Officer and is comprised of ten current members of our senior management. The current members of our Group Executive Committee are Klaus Heinemann, Heinrich Loechteken, Keith Helming, Aengus Kelly, Patrick den Elzen, Erwin den Dikken, Reynoud Simonis, Cole Reese, Soeren Ferré and Anil Mehta.

Our Group Portfolio and Investment Committee has authority to enter into and is responsible for transactions relating to the acquisition and disposal of aircraft, engines and financial assets that are in excess of $100 million but less than $500 million. It is chaired by our Chief Investment Officer and is comprised of members of the Group Executive Committee and non-executive directors or any other person appointed by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The current members of our Group Portfolio and Investment Committee are Keith Helming, Soeren Ferré, Heinrich Loechteken, Klaus Heinemann, Robert Warden, Oliver Brown, Patrick den Elzen, Nicolas Finazzo and Reynoud Simonis.

Our Group Treasury and Accounting Committee has authority and is responsible for committing debt funding in excess of $100 million but not exceeding $500 million per transaction. It is chaired by our Chief Financial Officer and is comprised of certain members of the Group Executive Committee and certain non-executive directors or any other person appointed by the Board of Directors upon recommendation of the Nomination and Compensation Committee. The current members of our Group Treasury and Accounting Committee are Keith Helming, Cole Reese, David Teitelbaum, Klaus Heinemann, Aengus Kelly, Heinrich Loechteken and Robert Warden.

Our Audit Committee assists the Board of Directors in fulfilling its responsibilities relating to the integrity of our financial statements, our risk management and internal control arrangements, our

compliance with legal and regulatory requirements, the performance, qualifications and independence of external auditors, and the performance of the internal audit function. The Audit Committee is chaired by a person with the necessary qualifications who is appointed by the Board of Directors and is comprised of three non-executive directors who are "independent" as defined by Rule 10A-3 of the Securities Exchange Act of 1934, as amended, as well as under The Netherlands Corporate Governance Code. The current members of our Audit Committee are Marius Jonkhart, James Chapman and Ronald Bolger.

Our Nomination and Compensation Committee selects, recruits and determines the remuneration, bonuses and other terms of employment of candidates for the positions of the Chief Executive Officer, non-executive director and Chairman of the Board of Directors, recommends candidates for positions in the Group Portfolio and Investment Committee, the Group Treasury and Accounting Committee and the Audit Committee and plans the succession within the Board of Directors and committees. It is chaired by the Chairman of our Board of Directors and is comprised of one non-executive director who is not independent and one independent non-executive director appointed by the Board of Directors. The current members of our Nomination and Compensation Committee are Brett Ingersoll, Marius Jonkhart and Pieter Korteweg.

Nomination and Compensation Committee Interlocks and Insider Participation

None of our Nomination and Compensation Committee members or our executive officers have a relationship that would constitute an interlocking relationship with executive officers or directors of another entity or insider participation in compensation decisions.

Compensation of Non-Employee Directors

We currently pay each non-executive director who is not affiliated with Cerberus an annual fee of €75,000 and pay each of these directors an additional €2,000 per meeting. We pay our Chairman of our Board of Directors €150,000 per year. In addition, we pay the chairs of the Audit Committee and Nomination and Compensation Committee an annual fee of €18,000 and each committee member will receive an annual fee of €6,000 and a fee of €2,000 per committee meeting. All members of the Board of Directors are reimbursed for reasonable costs and expenses incurred in attending meetings of our Board of Directors.

Executive Officer Compensation

In 2005, we paid an aggregate of approximately €8,143,519 in cash and benefits as compensation to our 15 executive officers during the year. In 2005, we paid our executive officers three types of bonuses: annual target bonuses, major transaction bonuses and loyalty bonuses. The amount of the annual target bonus is based on the achievement of personal targets, as set out in a personal target agreement. Major transaction bonuses are paid to members of our management team for the completion of major transactions, such as the 2005 Acquisition. The loyalty bonuses are paid to retain executive officers and to retain key members of our staff. All bonuses are determined by our Chief Executive Officer with advice from the Nomination and Compensation Committee, except that the Nomination and Compensation Committee determines the amount of any bonuses paid to our Chief Executive Officer.

Equity Incentive Plan

Bermuda Parent Incentive Plans

The Bermuda Parents, our indirect shareholders, have implemented an equity incentive plan that is designed to motivate and retain individuals who are responsible for the attainment of our primary long-term performance goals. The plan provides for the grant of nonqualified stock options, incentive

stock options for shares of common stock and restricted shares of common stock of the Bermuda Parents to participants of the plan selected by the boards of directors of the Bermuda Parents or a committee of each of their respective boards of directors or the administrator of the plan. Subject to certain adjustments, the maximum number of shares available to be granted under the plan is equal to 25% of the outstanding common shares of the Bermuda Parents. As of September 30, 2006, common shares or options to purchase common shares of the Bermuda Parents, representing indirectly 18.0% of our ordinary shares on a fully diluted basis, were issued and are outstanding under the plan.

The terms and conditions of awards, including vesting provisions for stock options, are determined by the administrator for each grant, except that, unless otherwise determined by the administrator, or as set forth in an award agreement: (a) each stock option is granted for ten years from the effective date of the plan (June 30, 2005), or in the case of certain key employees, i.e., employees owning more than 10% of the total combined voting power of classes of stock of the relevant indirect shareholder, for five years from the date of grant; provided, however, no stock option period may extend beyond ten years from the date of grant; (b) the option price per share will be $0.0, except that the option price per share for any incentive stock option granted to a key employee equals 110% of the fair market value of the share at the time the incentive stock option is granted; and (c) incentive stock options may only be issued to the extent the aggregate fair market value of shares with respect to the exercise of the incentive stock options for the first time by an option holder during any calendar year is $100,000 or less, with any additional incentive stock options being treated as nonqualified stock options.

All shares and options granted under the Bermuda Parents' plan will be vested after completion of this offering, except for options outstanding to three members of management representing indirectly 1.3% of our ordinary shares. Even after vesting, pursuant to a shareholder's agreement, all vested, common shares and options to purchase common shares of the Bermuda Parents issued under the plan (other than common shares held by the former AeroTurbine owners and our directors) are subject to repurchase by the Bermuda Parents in the event the manager or director leaves his or her position without good cause or is terminated by us with cause, at a price equal to the lower of the cost or fair value until the termination of the two-year lock-up period. See "Ordinary Shares Eligible for Future Sale—Lock-Up Agreements—Management Lock-Up Agreements with Cerberus". All common shares and options to purchase common shares are also subject to repurchase at fair value if the manager or director leaves for any other reason. The common shares of the Bermuda Parents are also subject to Cerberus's drag-along rights and the plan participant's tag-along rights in the event of certain transactions involving sales of the common shares of the Bermuda Parent.

In connection with this offering, the members of our senior management and directors who have received shares or options to purchase shares of the Bermuda Parents under the Bermuda Parents Equity incentive plan have agreed not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our ordinary shares directly held by them or indirectly held through the Bermuda Parents. Subject to limited exceptions, the lock-up is for a period of two years from the date this offering is consummated. In addition, the members of our senior management and directors holding common shares of the Bermuda Parents also have received the right, beginning on the second anniversary of the consummation of this offering and ending on the fifth anniversary, to exchange Bermuda Parents common shares for our ordinary shares held by the selling shareholders in amounts representing their indirect interest in us held through the Bermuda Parents. To assist our management and directors in the resale of our ordinary shares held by them upon exchange, we have agreed to file a registration statement and use commercially reasonable efforts to keep the registration statement continuously effective until all applicable ordinary shares have been sold or can be sold without registration under Rule 144(k) under the Securities Act.

Issuances under Bermuda Parent Incentive Plans

Share purchase rights and share options have been granted under the equity incentive plan of the Bermuda Parents four times since the 2005 Acquisition. The Bermuda Parents from which the restricted shares and share options have been granted are each identical in their capital structure (95% preferred shares and 5% common shares) and each have an equal percentage indirect ownership interest in us, representing 100% of the ownership interests in our company in aggregate. The Bermuda Parents do not own any other significant assets or conduct any other significant activities outside of their indirect investment in us and the value of the Bermuda Parents is derived exclusively with reference to the value of our company.

December 2005 Grants. The initial grants were documented in December 2005 and fulfilled promises of equity incentives made to management at the time of the 2005 Acquisition. The Bermuda Parents granted common shares and options to purchase common shares to 10 senior managers and a consultant for no consideration, aggregating 9.5% of the current fully-diluted common shares of the Bermuda Parents. The shares and options were valued at the time of the issuance on December 29, 2005. The valuation was based primarily on the fair value of our company based on the price paid in the 2005 Acquisition. The total valuation was then allocated between preferred shares in the Bermuda Parents and common shares in the Bermuda Parents by considering the appropriateness of the preferred dividend rate by comparison to other financial instruments with similar characteristics. The fair value at grant date of the Bermuda Parent common shares and options held by the 10 senior managers and the consultant was $3.3 million.

April 2006 Grants. At the time of the AeroTurbine Acquisition on April 26, 2006, the Bermuda Parents issued four tranches of their common shares under the Bermuda Parent incentive plans to Robert Nichols and Nicolas Finazzo, members of the senior management of AeroTurbine. The Bermuda Parents issued common shares equally to the two executives aggregating 6.4% of the current fully-diluted common shares of the Bermuda Parents for $1.2 million. The shares were issued as incentives under the plans. The first three tranches qualify as equity awards from their inception under FAS 123R. The fourth tranche qualified as a liability award between April 26, 2006, the date of grant, and September 19, 2006 because the two members of the senior management of AeroTurbine had the right to put the shares back to the Bermuda Parents immediately upon vesting in the fourth year of the vesting period. On September 19, 2006, the two AeroTurbine executives executed amendments to the award agreements which removed their right to put the shares back to the Bermuda Parents and the fourth tranche then qualified as an equity award.

The common shares of the Bermuda Parents issued to the AeroTurbine executives have been valued for purposes of expense recognition under SFAS 123R, based on the mid-point of the price range on the cover of this prospectus. The first three tranches were valued on April 26, 2006, the grant date, and the fourth tranche was valued on September 19, 2006. A discount for lack of marketability ("DLOM") was applied to reflect the fact that (i) the shares being valued represent an illiquid minority interest in a closely-held indirect holding company without access to a recognized market and (ii) the shares are subject to significant restrictions which prevent their transfer or pledge. A DLOM of 20% was applied to the first three tranches when they were valued on April 26, 2006 and a DLOM of 10% was applied to the fourth tranche when it was valued on September 19, 2006. The decrease in the DLOM between the two dates reflects the increasing proximity of the second date to the closing date of this offering. The DLOMs were supported by empirical data from studies of restricted shares and pre-IPO studies of share prices. In addition, the DLOM was supported by a "put-option" analysis which calculated the inherent difference in value between a freely-tradable share and an illiquid, restricted share.

Based on this analysis, we determined the value of the common shares in the Bermuda Parents to be $1,186.9 million in the aggregate and the value of the first three tranches and the fourth tranche of

the common shares purchased by the two executives to be $57.0 million and $21.5 million at April 21, 2006 and September 19, 2006, respectively.

August and September 2006 Grants. In connection with the hiring of Keith Helming, our new Chief Financial Officer, on August 21, 2006, Cerberus agreed to provide him equity incentives under the Bermuda Parent incentive plans. The Bermuda Parents granted options to purchase their common shares representing 1.3% of the current fully-diluted common shares of the Bermuda Parents for an exercise price of $5.2 million.

On September 5, 2006, the Bermuda Parents granted options under the Bermuda Parent incentive plans to four non-executive directors of the newly formed AerCap Holdings N.V. that are not employees of Cerberus Capital Management, L.P. or its affiliates and additional options to two members of senior management. These options represented 0.8% of the current fully-diluted common shares and have an exercise price aggregating $3.5 million. We determined the value of the shares subject to options granted in August and September 2006 based upon the mid-point of the price range on the cover of this prospectus. A DLOM of 10% was applied to the valuation supporting these issuances due to the closer proximity of these dates to the anticipated date of this offering.

The exercise price of the options granted to Mr. Helming on August 21, 2006 and to the four non-executive directors and two executive officers on September 5, 2006 were the subject of extensive discussions that occurred over several months, during which our business developed significantly and the possibility of a successful public offering increased. The options issued on both dates were valued by us as of August 31, 2006 using the same methods and based on the same factors as used in the valuation as of April 26, 2006. The principal factor contributing to a different valuation between April 26, 2006 and August 31, 2006 was the decrease of the DLOM from 20% at April 26, 2006 to 10% at August 31, 2006. The decrease of the DLOM reflects the fact that (i) as of such date we had provided a draft of our registration statement to the Securities and Exchange Commission and had received our first comments on the Registration Statement on September 5, 2006, (ii) we had had preliminary valuation discussions with investment banks and, if successful, our initial public offering would occur a shorter time after such issuance and (iii) an aircraft leasing company had successfully completed its initial public offering. Based on this analysis, we determined that the value of the common shares in the Bermuda Parents was $1,369.9 million in the aggregate and the value of common shares subject to the options held by Mr. Helming, the non-executive directors and the executive officers was $17.8 million.

The indirect ownership in our ordinary shares represented by the grants of shares and options discussed above are reflected in the table under "Principal and Selling Shareholders".

New Equity Incentive Plan

On October 31, 2006, we implemented an equity incentive plan that is designed to promote our interests by enabling us to attract, retain and motivate directors, employees, consultants and advisors and align their interests with ours. Our new equity incentive plan provides for the grant of nonqualified stock options, incentive stock options, stock appreciation rights, restricted stock, restricted stock units and other stock awards to participants of the plan selected by the Nomination and Compensation Committee of our Board of Directors. Subject to certain adjustments, the maximum number of shares available to be granted under the plan is equal to 5% of our outstanding shares. No shares have been issued and none are outstanding under the plan.

The terms and conditions of awards, including vesting provisions for stock options, are determined by the Nomination and Compensation Committee, except that, unless otherwise determined by the Nomination and Compensation Committee, or as set forth in an award agreement: (a) each stock option is granted for ten years from the date of grant, or, in the case of certain key employees, i.e., employees owning more than 10% of our ordinary shares, for five years from the date of grant;

provided, however, no stock option period may extend beyond ten years from the date of grant; (b) the option price per share may not be less than 100% of the fair market value of the ordinary shares except that the option price per share for a key employee may not be less than 110% of the fair market value of the ordinary shares at the time the incentive stock option is granted; and (c) incentive stock options may only be issued to the extent the aggregate fair market value of shares with respect to the exercise of the incentive stock options for the first time by an option holder during any calendar year is $100,000 or less, with any additional stock options being treated as nonqualified stock options.

Netherlands Corporate Governance

On December 9, 2003, a committee commissioned by The Netherlands government published a Netherlands Corporate Governance Code (the "Code"). The provisions of the Code took effect on January 1, 2005 and apply to annual reports for financial years starting on or after January 1, 2004. Netherlands companies whose ordinary shares are listed on a government-recognized stock exchange must discuss compliance with the Code in their annual report. The NYSE is a government-recognized stock exchange.

We intend to comply with The Netherlands Corporate Governance Code. The Netherlands Corporate Governance Code contains recommended best practices. Netherlands' companies are not required to adopt the best practices, but, to the extent that they do not, they are required to disclose and explain why the practices have not been adopted in their annual report.

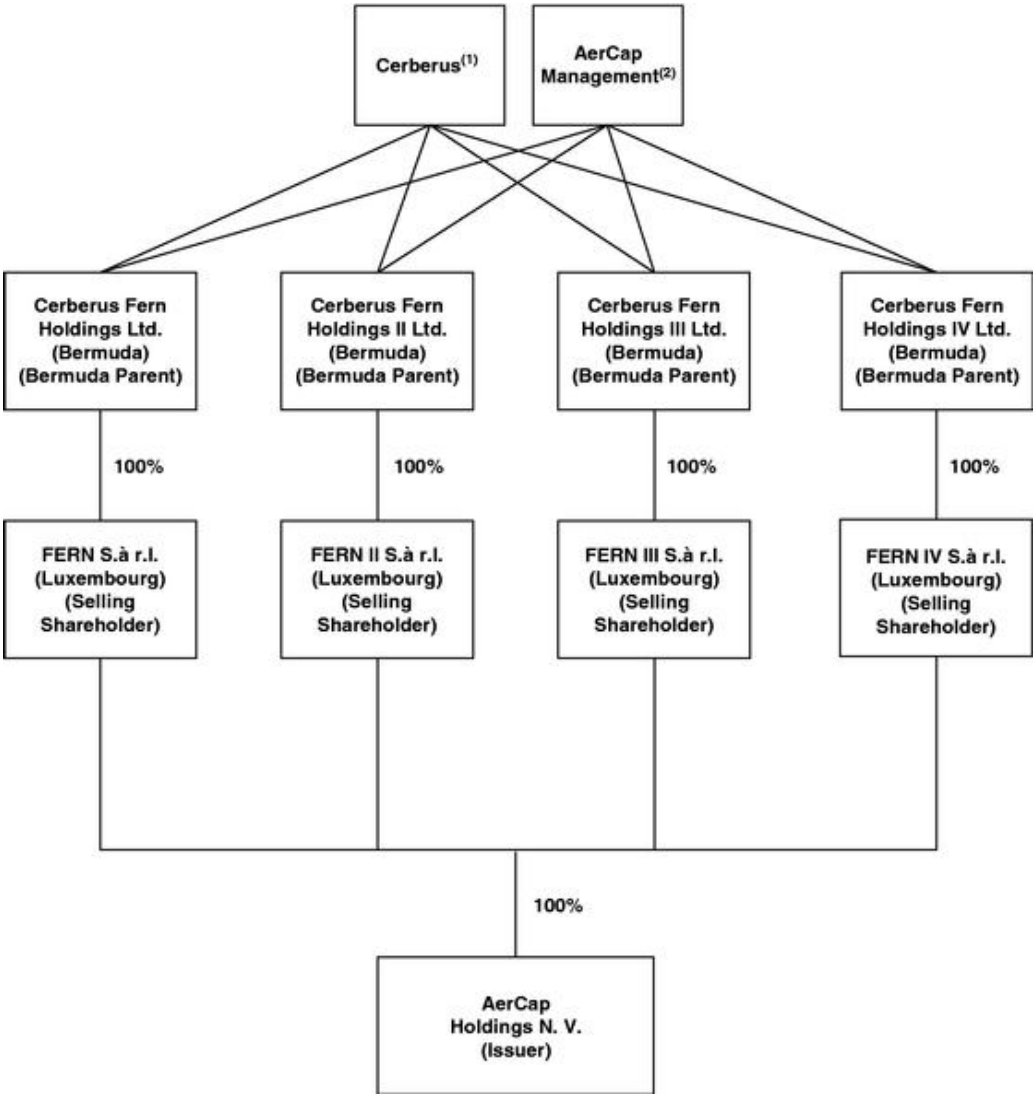
Comparison of NYSE and Netherlands Corporate Governance Standards

The NYSE requires that entities with shares listed on the exchange comply with its corporate governance standards. As a foreign private issuer, we are only required to comply with the NYSE rules relating to audit committees and periodic certifications to the NYSE. The NYSE also requires that we provide a summary of the significant differences between our corporate governance practices and those that would apply to a U.S. domestic issuer. We do not believe there are any significant differences between our corporate governance practices and those that would typically apply to a U.S. domestic issuer under the NYSE corporate governance rules.

After the completion of this offering, we expect that we will be considered a controlled company under the rules of The New York Stock Exchange; however, we do not intend to avail ourselves of any of the corporate governance exceptions available to controlled companies, including exemptions from the independence requirements for directors.

PRINCIPAL AND SELLING SHAREHOLDERS

To assist in understanding the beneficial ownership of our principal and selling shareholders, the following chart sets forth our shareholders' ownership structure prior to this offering.



(1) Investment funds and accounts affiliated with Cerberus Capital Management, L.P. hold 99.6% of the Bermuda Parents' preferred shares and 86.0% of their common shares.

(2) Members of our senior management own 0.4% of the Bermuda Parents preferred shares and 14.0% of their common shares. In addition members of our senior management and Board of Directors also own options to purchase common shares of the Bermuda Parents exercisable on closing of this offering. If all such options are exercised, Cerberus would own 83.0% of the common shares of the Bermuda Parents and members of our senior management and Board of Directors and a consultant would own the remaining 17.0%.

The following table sets forth information with respect to the beneficial ownership of our ordinary shares as of September 30, 2006 by:

- each selling shareholder;

- each person who is known by us to beneficially own 5% or more of our ordinary shares;
- each of our directors; and
- our executive officers named in "Management" and all of our current directors and executive officers as a group.

Unless otherwise indicated in the notes to the table, each shareholder has sole voting and investment power with respect to the ordinary shares beneficially owned. All ordinary share amounts and percentages reflect beneficial ownership determined pursuant to Rule 13d-3 under the Securities and Exchange Act of 1934, and assume, on a shareholder by shareholder basis, that each shareholder has converted all securities owned by such shareholder that are convertible into ordinary shares at the option of the holder currently or within 60 days of , 2006, the closing date of this offering, and that no other shareholder so converts.

	Ordinary shares beneficially owned prior to the offering(1)		Ordinary shares being offered(1)		Ordinary shares beneficially owned after the offering(1)	
	Number	Percent	Number	Percent	Number	Percent
Selling Shareholders						
Fern S.à r.l.(2)	19,559,239	25.0%	4,825,000	6.2%	14,734,239	17.3%
Fern II S.à r.l.(2)	19,559,239	25.0%	4,825,000	6.2%	14,734,239	17.3%
Fern III S.à r.l.(2)	19,559,239	25.0%	4,825,000	6.2%	14,734,239	17.3%
Fern IV S.à r.l.(2)	19,559,239	25.0%	4,825,000	6.2%	14,734,239	17.3%
5% or Greater Beneficial Share Owner:						
Stephen Feinberg(3)	64,936,358	83.0%	—	—	48,917,436	57.5%
Directors:						
Ronald J. Bolger(4)	56,565	*	—	—	42,611	*
James N. Chapman(4)	113,130	*			85,223	*
Pieter Korteweg(4)	113,130	*			85,223	*
W. Brett Ingersoll(5)	—	—	—	—	—	—
Klaus W. Heinemann(4)(6)(7)	2,400,368	3.1%	—	—	1,808,230	2.1%
Marius J. L. Jonkhart(4)	56,565	*	—	—	42,611	*
Gerald P. Strong(5)	—	—	—	—	—	—
David J. Teitelbaum(5)	—	—	—	—	—	—
Robert G. Warden(5)	—	—	—	—	—	—
Executive Officers:						
Wouter M. (Erwin) den Dikken(7)(8)	356,802	*	—	—	268,784	*
Patrick den Elzen(7)	295,721	*	—	—	222,771	*
Soeren E. Ferré(7)	341,285	*	—	—	257,095	*
Nicolas Finazzo	2,524,623	3.2%	—	—	1,901,833	2.2%
Keith A. Helming(4)(9)	272,221	*	—	—	205,068	*
Aengus Kelly(4)(7)(8)	620,940	*	—	—	467,762	*
Heinrich H. Loechteken(7)	2,449,245	3.1%	—	—	1,845,049	2.2%
Anil Mehta(7)	161,256	*	—	—	121,476	*
Robert B. Nichols	2,524,623	3.2%	—	—	1,901,833	2.2%
Cole T. Reese(7)	426,648	*	—	—	321,400	*
Reynoud K. Simonis(7)	224,319	*	—	—	168,982	*
All our directors and executive officers as a group (21 persons)(10)	12,937,442	16.5%	—	—	9,745,950	11.5%
Oliver Brown IV(11)	363,157	*	—	—	273,571	*

* Less than 1.0%.

(1) Except with respect to the selling shareholders, all shareholdings reflected in the table above reflect indirect beneficial ownership of AerCap Holdings N.V. held through ownership of common shares of the Bermuda Parents, including common shares pursuant to options that will automatically vest on or within 60 days of the closing of this offering. Options to purchase common shares of the Bermuda Parents representing 1,963,219, or 2.5%, of our ordinary shares will automatically vest on or within 60 days of the closing of this offering. Prior to this offering, the Bermuda Parents indirectly owned 100% of our ordinary shares. For the purposes of this table, we are assuming that the value of our ordinary shares is determined at the assumed initial public offering price of $23.00 per ordinary share, the midpoint of the price range set forth on the cover page of this prospectus, and that the selling shareholders would distribute the estimated net proceeds from the sale of our ordinary shares by the selling shareholders to the Bermuda Parents. The Bermuda Parents will first redeem the Bermuda Parent's preferred shares and then distribute the remaining to holders of their common shares. See "Use of Proceeds". For the purposes of this table, we also assume that the over-allotment option is not exercised by the underwriters.

(2) The selling shareholders are wholly-owned by the Bermuda Parents and are our only shareholders selling ordinary shares in the offering. The ordinary shares held by the selling shareholders have the same rights as all other ordinary shares.

(3) Cerberus beneficially owns 99.6% of the preferred shares and 83.0% of the common shares of the Bermuda Parents. All of these shares have the same rights as the other shares of the applicable class issued by the Bermuda Parents other than rights under a shareholders agreement to drag along such shareholders in the event of a sale of the Bermuda Parents or a sale of the preferred shares issued by the Bermuda Parents. Stephen Feinberg exercises sole voting and investment authority over all of the Bermuda Parents' securities owned by Cerberus. Thus, pursuant to Rule 13d-3 under the Exchange Act, Stephen Feinberg is deemed to beneficially own 99.6% of the preferred shares and 83.0% of the common shares of the Bermuda Parents. The address for Mr. Feinberg is c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, New York 10171.

(4) Includes options to purchase common shares of the Bermuda Parents that are vested or vest on or within 60 days of the closing of this offering representing the following percentage interests, on a fully diluted basis, in our ordinary shares: Mr. Bolger 0.1%, Mr. Chapman 0.1%, Mr. den Dikken 0.1%, Mr. Heinemann 2.4%, Mr. Helming 0.3%, Mr. Kelly 0.1%, Mr. Korteweg 0.1%, Mr. Jonkhart 0.1% and Mr. Simonis 0.2%. No other options will vest within 60 days of the closing of this offering.

(5) Mssrs. Ingersoll and Warden are each a Managing Director of Cerberus Capital Management, L.P. and Mssrs. Strong and Teitelbaum are Managing Directors of affiliates of Cerberus Capital Management, L.P.

(6) Mr. Heinemann is both a member of our Board of Directors and our Chief Executive Officer.

(7) Members of our senior management will own preferred shares of the Bermuda Parents with an aggregate liquidation preference of $1,532,823 as of November 21, 2006: Mr. Heinemann: $243,912, Mr. den Elzen: $31,804, Mr. Ferré: $88,422, Mr. Kelly: $321,987, Mr. Loechteken: $543,113, Mr. Mehta: $97,903, Mr. Reese: $166,357 and Mr. Simonis $39,325).

(8) Does not include options to purchase shares of the Bermuda Parents held by Mr. den Dikken and Mr. Kelly representing 0.1% and 0.2%, respectively, of our ordinary shares that vest more than 60 days after the closing of this offering or upon the satisfaction of certain performance criteria.

(9) Does not include options to purchase shares of the Bermuda Parents held by Mr. Helming representing 0.9% of our ordinary shares that vest more than 60 days after the closing of this offering or upon the satisfaction of certain performance criteria.

(10) The address for all our officers and directors is c/o AerCap Holdings N.V., Evert van de Beekstraat 312, 1118 CX Schiphol Airport, The Netherlands.

(11) Mr. Brown is a consultant and not an employee. Mr. Brown's address is 228 Lorton Ave., Burlingame, CA 94010.

Assuming a public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the front cover of this prospectus, the underwriters do not exercise their over allotment option

and all vested options exercisable on the closing date of this offering with no exercise price are exercised on the closing date, Cerberus would receive $405.2 million and our management would receive $3.0 million from the proceeds of this offering (Mr. den Dikken: $38,834, Mr. den Elzen: $66,940, Mr. Ferré: $128,972, Mr. Finazzo: $299,968, Mr. Heinemann: $529,117, Mr. Kelly: $388,646, Mr. Loechteken: $834,125, Mr. Mehta: $117,063, Mr. Nichols: $299,968, Mr. Reese: $217,050 and Mr. Simonis: $65,978), including the proceeds from the redemption of the preferred shares issued by the Bermuda Parents. Assuming a public offering price of $23.00 per ordinary share, the mid-point of the price range set forth on the front cover of this prospectus, the underwriters exercise their over allotment option and all vested options exercisable on the closing date of this offering with no exercise price are exercised on the closing date, Cerberus would receive $475.4 million and our management would receive $16.6 million from the proceeds of this offering (Mr. den Dikken $391,838, Mr. den Elzen $386,332, Mr. Ferré $497,576, Mr. Finazzo $3,026,677, Mr. Heinemann $3,121,624, Mr. Kelly $994,572, Mr. Loechteken $3,479,421, Mr. Mehta $291,226, Mr. Nichols $3,026,677, Mr. Reese $677,850 and Mr. Simonis $308,252), including the proceeds from the preferred shares issued by the Bermuda Parents.

As of September 30, 2006, none of our ordinary shares were held by record holders in the Netherlands.

DESCRIPTION OF ORDINARY SHARES

Set out below is a summary description of our ordinary shares and related material provisions of our articles of association and of Book 2 of The Netherlands Civil Code (*Boek 2 van het Burgerlijk Wetboek*), which governs the rights of holders of our ordinary shares.

Ordinary Share Capital

As of September 30, 2006, we had 225,000 authorized ordinary shares, par value €1.00 per share, of which 45,000 were issued and outstanding. We subsequently split our shares so that each share has a par value of €0.01 per share. As of the date of this prospectus, we had 200.0 million authorized shares, par value €0.01 per share, of which 85,036,957 million will be issued and outstanding immediately after the closing of this offering.

Pursuant to our articles of association, our ordinary shares may only be held in registered form. All of our ordinary shares are registered in a register kept by us or on our behalf by our transfer agent. Transfer of registered shares requires a written deed of transfer and the acknowledgment by the Company. Our ordinary shares are freely transferable.

Issuance of Ordinary Shares

A general meeting of shareholders can approve the issuance of ordinary shares or rights to subscribe for ordinary shares, but only in response to a proposal for such issuance submitted by the Board of Directors specifying the price and further terms and conditions. In the alternative, the shareholders may designate to our Board of Directors' authority to approve the issuance and price of issue of ordinary shares. The delegation may be for any period of up to five years and must specify the maximum number of ordinary shares that may be issued.

Prior to this offering, pursuant to our articles of association, our shareholders delegated to our Board of Directors for a period of five years, the power to issue and/or grant rights to subscribe for ordinary shares up to the maximum amount of our authorized share capital which, as of the date of this prospectus was 200.0 million ordinary shares.

Preemptive Rights

Unless limited or excluded by our shareholders or Board of Directors as described below, holders of ordinary shares have a pro rata preemptive right to subscribe for any ordinary shares that we issue, except for ordinary shares issued for non-cash consideration or ordinary shares issued to our employees.

Shareholders may limit or exclude preemptive rights. Shareholders may also delegate the power to limit or exclude preemptive rights to our Board of Directors with respect to ordinary shares, the issuance of which has been authorized by our shareholders. Prior to this offering, pursuant to our articles of association, the power to limit or exclude preemptive rights has been delegated to our Board of Directors for a period of five years.

Repurchase of Our Ordinary Shares

We may acquire our ordinary shares, subject to certain provisions of the laws of The Netherlands and of our articles of association, if the following conditions are met:

- a general meeting of shareholders has authorized our Board of Directors to acquire the ordinary shares, which authorization may be valid for no more than 18 months;

- our equity, after deduction of the price of acquisition, is not less than the sum of the paid-in and called-up portion of the share capital and the reserves that the laws of The Netherlands or our articles of association require us to maintain; and

- we would not hold after such purchase, or hold as pledgee, ordinary shares with an aggregate par value exceeding one-tenth of our issued share capital.

Capital Reduction; Cancellation

Shareholders may reduce our issued share capital either by cancelling ordinary shares held in treasury or by amending our articles of association to reduce the par value of the ordinary shares. A resolution to reduce our capital requires the approval of at least an absolute majority of the votes cast and, if less than one-half of the share capital is represented at a meeting at which a vote is taken, the approval of at least two-thirds of the votes cast.

A partial repayment of ordinary shares under the laws of The Netherlands is only allowed upon the adoption of a resolution to reduce the par value of the ordinary shares. The repayment must be made *pro rata* on all ordinary shares. The *pro rata* requirement may be waived with the consent of all affected shareholders. In some circumstances, our creditors may be able to prevent a resolution to reduce our share capital from taking effect.

Remuneration of Our Board of Directors

The general policy for the remuneration of our Board of Directors will be determined by a general shareholders meeting. The remuneration of directors will be set by our Board of Directors in accordance with our remuneration policy and the recommendation of the Nomination and Compensation Committee. With regard to arrangements concerning remuneration in the form of ordinary shares or share options, the Board of Directors must submit a proposal to the shareholders for approval. This proposal must, at a minimum, state the number of ordinary shares or share options that may be granted to directors and the criteria that apply to the granting of the ordinary shares or share options or the alteration of such arrangements.

General Meetings of Shareholders

At least one general meeting of shareholders must be held every year. The rights of shareholders may only be changed by amending our articles of association. A resolution to amend our articles of association is valid if the Board of Directors makes a proposal amending the articles of association and such proposal is adopted by a simple majority of votes cast.

The following resolutions require a two-thirds majority vote if less than half of the issued share capital is present or represented at the general meeting of shareholders:

- capital reduction;

- exclusion or restriction of pre-emptive rights, or designation of the Board of Directors as the authorized corporate body for this purpose;

- merger or demerger.

If a proposal to amend the articles of association will be considered at the meeting, we will make available a copy of that proposal, in which the proposed amendments will be stated verbatim.

An agreement of the Company to enter into a (i) statutory merger whereby the Company is the acquiring entity, or (ii) a legal demerger, with certain limited exceptions, must be approved by the shareholders.

Voting Rights

Each ordinary share represents the right to cast one vote at a general meeting of shareholders. All resolutions must be passed with an absolute majority of the votes validly cast except as set forth above. We are not allowed to exercise voting rights for ordinary shares we hold directly or indirectly.

Any major change in the identity or character of the Company or its business must be approved by our shareholders, including:

- the sale or transfer of substantially all our business or assets;
- the commencement or termination of certain major joint ventures and our participation as a general partner with full liability in a limited partnership (*commanditaire vennootschap*) or general partnership (*vennootschap onder firma*); and
- the acquisition or disposal by us of a participating interest in a company's share capital, the value of which amounts to at least one-third of the value of our assets.

Adoption of Annual Accounts and Discharge of Management Liability

Each year, our Board of Directors must prepare annual accounts within five months after the end of our financial year, unless the shareholders have approved an extension of this period for up to six additional months due to certain special circumstances recognized as such under the laws of The Netherlands. The annual accounts must be made available for inspection by shareholders at our offices within the same period. The annual accounts must be accompanied by an auditor's certificate, an annual report and certain other mandatory information. The shareholders shall appoint an accountant as referred to in Article 393 of Book 2 of The Netherlands Civil Code, to audit the annual accounts. The annual accounts are adopted by our shareholders.

The adoption of the annual accounts by our shareholders does not release the members of our Board of Directors from liability for acts reflected in those documents. Any such release from liability requires a separate shareholders' resolution.

Dividends

Dividends may in principle only be paid out of profit as shown in the adopted annual accounts. We will only have power to make distributions to shareholders and other persons entitled to distributable profits to the extent our equity exceeds the sum of the paid and called up portion of the ordinary share capital and the reserves that must be maintained in accordance with provisions of the laws of The Netherlands or our articles of association. The profits must first be used to set up and maintain reserves required by law and must then be set off against certain financial losses. We may not make any distribution of profits on ordinary shares that we hold. Our Board of Directors determines whether and how much of the remaining profit they will reserve, the manner and date of such distribution and notifies shareholders.

All calculations to determine the amounts available for dividends will be based on our annual accounts, which may be different from our consolidated financial statements, such as those included in this prospectus. Our statutory accounts have to date been prepared, and will continue to be prepared, under Netherlands GAAP and are deposited with the Commercial Register in Amsterdam, The Netherlands. Our net income for the 12 months ended December 31, 2005 and our equity as of December 31, 2005 as set forth in our annual accounts were $83.4 million and $419.7 million, respectively. We are dependent on dividends or other advances from our operating subsidiaries to fund any dividends we may pay on our ordinary shares.

Liquidation Rights

If we are dissolved or wound up, the assets remaining after payment of our liabilities will be first applied to pay back the amounts paid up on the ordinary shares. Any remaining assets will be distributed among our shareholders, in proportion to the par value of their shareholdings. All distributions referred to in this paragraph shall be made in accordance with the relevant provisions of the laws of The Netherlands.

Limitations on Non-Residents and Exchange Controls

There are no limits under the laws of The Netherlands or in our articles of association on non-residents of The Netherlands holding or voting our ordinary shares. Currently, there are no exchange controls under the laws of The Netherlands on the conduct of our operations or affecting the remittance of dividends.

Disclosure of Insider Transactions

Members of our Board of Directors and other insiders within the meaning of Section 47a of The Netherlands Securities Act must report to The Netherlands Authority for the Financial Markets if they carry out or cause to be carried out, for their own account, a transaction in our ordinary shares or in securities whose value is at least in part determined by the value of our ordinary shares.

Netherlands Squeeze-out Proceedings

If a person or a company or two or more group companies within the meaning of Article 2:24b of The Netherlands Civil Code acting in concert holds in total 95% of a Netherlands public limited liability company's issued share capital by par value for their own account, the laws of The Netherlands permit that person or company or those group companies acting in concert to acquire the remaining ordinary shares in the company by initiating squeeze-out proceedings against the holders of the remaining shares. The price to be paid for such shares will be determined by the Enterprise Chamber of the Amsterdam Court of Appeal.

Choice of Law and Exclusive Jurisdiction

Under our articles of association, to the extent allowed by law, the rights and obligations among or between us, any of our current or former directors, officers and employees and any current or former shareholder shall be governed exclusively by the laws of The Netherlands, unless such rights or obligations do not relate to or arise out of the capacities above. Any lawsuit or other legal proceeding by and between those persons relating to or arising out of their capacities listed above shall be exclusively submitted to the courts of The Netherlands. All of our current and former directors and officers must agree in connection with any such lawsuit or other legal proceeding to submit to the exclusive jurisdiction of The Netherlands courts, waive objections to such lawsuit or other legal proceeding being brought in such courts, agree that a judgment in any such legal action brought in The Netherlands courts is binding upon them and may be enforced in any other jurisdiction, and elect domicile at our offices in Amsterdam, The Netherlands for the service of any document relating to such lawsuit of other legal proceedings.

Registrar and Transfer Agent

A register of holders of the ordinary shares will be maintained by American Stock Transfer & Trust Company in the United States who will also serve as the transfer agent. The telephone number of American Stock Transfer & Trust Company is 1-800-937-5449.

CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

Related Party Transactions

The following is a summary of material provisions of various transactions we have entered into with our executive officers, directors or 5% or greater shareholders and their affiliates since January 1, 2003. We believe the terms and conditions in these agreements are reasonable and customary for transactions of this type.

We have made payments to Cerberus and third parties on behalf of Cerberus totaling approximately $1.1 million since the 2005 Acquisition. The payments to Cerberus represent reimbursement of consulting fees paid by Cerberus to individuals who have assisted us in the evaluation of portfolio or company purchases, including our acquisition of AeroTurbine. In addition, this amount also includes approximately $0.2 million of reimbursements for consulting services incurred by Cerberus in connection with Cerberus's evaluation of the 2005 Acquisition. We are currently establishing agreements directly with the consultants who we expect to retain for similar services instead of working with them through Cerberus. If we accept services from individuals employed by or contracted through Cerberus in the future, we expect these arrangements to reflect arms' length negotiations that will not be more favorable than the terms we could negotiate with an independent party. Payments to third parties on behalf of Cerberus consist of payments to advisors engaged by Cerberus in connection with the 2005 Acquisition.

We leased two A321-200 model aircraft to Air Canada in 2002. One lease began on April 23, 2002 and lasts for a term of six years. The other lease began on May 29, 2002 and lasts for a term of ten years. We generated $12.5 million in revenue from these leases in 2005. Cerberus indirectly controls 11% of the equity of Air Canada but did not hold such equity interest in Air Canada at the time we entered into the leases.

In February 2006, we entered into a guarantee arrangement with DvB Bank AG and Aozora Bank Limited, an entity that is majority-owned by Cerberus. In addition, Pieter Korteweg, the Chairman of our Board of Directors, and Marius Jacques Leonard Jonkhart, a non-executive director, are also on the board of directors of Aozora Bank. The guarantee supports certain of our obligations to a Japanese operating lessor of up to $13.8 million in connection with our lease of an A320 aircraft from a Japanese operating lessor. The lessor of the aircraft required the guarantee as additional credit support following the 2005 Acquisition. We leased the A320 aircraft from the Japanese operating lessor under a lease and then subleased the aircraft to an aircraft operator. In the event we fail to make certain payments related to the unwind values following the termination of the lease due to the Japanese operating lessor under our head lease, DvB Bank will make the payment on our behalf but will be reimbursed by Aozora Bank for any payments made. We have agreed to indemnify Aozora Bank for any payments it makes under the guarantee arrangement. The guarantee expires in February 2008. Under the terms of the guarantee arrangement, we are required to provide cash collateral to Aozora Bank if we breach certain financial covenants. Currently we are not in breach of any of these covenants and have not provided any cash collateral. In connection with the guarantee arrangement, we pay Aozora Bank a guarantee fee of 4.1% per annum of the amount guaranteed and have provided Aozora Bank with a second priority share pledge over the shares of the entity leasing the aircraft from the Japanese operating lessor.

In April 2006, we entered into a senior secured revolving credit facility in the aggregate amount of up to $1.0 billion with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. See "Indebtedness—UBS Revolving Credit Facility" for more information regarding the UBS revolving credit facility. Aozora Bank is a syndicate member under the facility and participated in up to $50.0 million of the Class A loans and up to $25.0 million of the Class B loans issued thereunder, representing 7.0% of the Class A loans and 13.9%

of the Class B loans. As of September 30, 2006, we had drawn and outstanding $91.8 million of the class A loans and $23.7 million of the class B loans.

We lease our office and warehouse located in Miami, Florida from an entity owned by the Chief Executive Officer and Chief Operating Officer of AeroTurbine. The lease for this facility expires on December 31, 2013. The lease was amended in March 2006 to adjust the rent to current market rates commencing on January 2007.

In 2004, we entered into leases for six A320 aircraft with WizzAir Hungary Limited. As part of the transaction, WizzAir agreed to issue us shares of their equity representing 17.4% of their equity as of November 2004. In 2005, we agreed with WizzAir's other shareholders and creditors to enter into a Shareholders' and Noteholders' Agreement under which we agreed to convert trade receivables into an unsecured, non-amortizing €7.8 million note, convertible into approximately 26% of WizzAir's outstanding shares on a fully diluted basis as of February 2005). Under the terms of the Shareholders' and Noteholders' Agreement we were able to appoint a director of WizzAir between February 2005 and June 2005. We sold all of our WizzAir convertible notes in September 2006.

We have also entered into aircraft management agreements with our joint ventures, AerVenture, AerDragon, Bella and Annabel, as well as the AerCo securitization vehicle. We believe that the terms of these agreements reflect arm's length negotiations that are no less favorable than the terms we would have negotiated with an independent party. See "Business—Aircraft—Joint Ventures".

ORDINARY SHARES ELIGIBLE FOR FUTURE SALE

General

Prior to this offering, there has been no public market for our ordinary shares, and we cannot predict the effect, if any, that market sales of ordinary shares or availability of any ordinary shares for sale will have on the market price of our ordinary shares prevailing from time to time. Sales of substantial amounts of ordinary shares (including ordinary shares issued on the exercise of options, warrants or convertible securities, if any) or the perception that such sales could occur, could adversely affect the market price of our ordinary shares and our ability to raise additional capital through a future sale of securities.

Upon completion of this offering, we will have 85,036,957 ordinary shares issued and outstanding. All of the ordinary shares sold in this offering will be freely tradable without restriction or further registration under the Securities Act unless such ordinary shares are purchased by "affiliates" as that term is defined in Rule 144 under the Securities Act. Subject to certain contractual restrictions, holders of restricted ordinary shares will be entitled to sell those ordinary shares in the public securities markets if they qualify for an exemption from registration under Rule 144 or any other applicable exemption under the Securities Act. Subject to the lock-up agreements described below and the provisions of Rules 144 and 144(k), additional ordinary shares will be available for sale as set forth below.

Lock-Up Agreements

Lock-Up with the Underwriters

We and our executive officers, directors and shareholders have agreed with the underwriters, subject to certain exceptions, not to (i) offer, pledge, announce the intention to sell, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase or otherwise transfer, dispose of or hedge, directly or indirectly, our ordinary shares (including, without limitation, ordinary shares which may be deemed to be beneficially owned by such executive officers, directors, shareholders and participants in accordance with the rules and regulations of the SEC and securities which may be issued upon exercise of a share option or warrant) or any securities convertible into or exercisable or exchangeable for our ordinary shares or (ii) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of ownership of our ordinary shares, whether any such transaction described in clause (i) or (ii) above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise during the period from the date of this prospectus continuing through the date 180 days after the date of this prospectus, except with the prior written consent of the representatives.

The 180-day restricted period described in the preceding paragraph will be automatically extended if (i) during the last 17 days of the 180-day restricted period we issue an earnings release or announce material news or a material event relating to us occurs or (ii) prior to the expiration of the 180-day restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the 180-day restricted period, in which case the restrictions described in the preceding paragraph will continue to apply until the expiration of the 18-day period beginning on the issuance of the earnings release or the announcement of the material news or material event.

Management Lock-Up Agreements with Cerberus

In connection with this offering, the members of our management and directors who have received shares or options to purchase shares of the Bermuda Parents under the Bermuda Parents Equity incentive plan have agreed not to offer, sell, contract to sell, pledge, grant any option to purchase, make any short sale or otherwise dispose of any of our ordinary shares directly held by them or

indirectly held through the Bermuda Parents. Subject to limited exceptions, the lock-up is for a period of two years from the date this offering is consummated. In addition, the members of our senior management and independent directors holding common shares of the Bermuda Parents also have received the right, beginning on the second anniversary of the consummation of this offering and ending on the fifth anniversary, to exchange Bermuda Parents common shares for our ordinary shares held by the selling shareholders in amounts representing their indirect interest in us held through the Bermuda Parents. To assist our management and directors in the resale of our ordinary shares held by them upon exchange, we have agreed to file a registration statement and use commercially reasonable efforts to keep the registration statement continuously effective to ensure that it is available for resales of our ordinary shares held by our management and directors.

Rule 144

In general, Rule 144 of the Securities Act, as currently in effect, provides that a person may sell within any three-month period a number of ordinary shares that does not exceed the greater of:

- 1% of the total number of ordinary shares then issued and outstanding, which will equal 0.9 million ordinary shares immediately after this offering; or
- the average weekly trading volume of the ordinary shares on the New York Stock Exchange during the four calendar weeks preceding the filing of notice on Form 144 with respect to the sale

subject to a requirement that any "restricted" ordinary shares have been beneficially owned for at least one year, including the holding period of any prior owner who was not an affiliate.

Sales under Rule 144 are also subject to manner of sale provisions and notice requirements and to the availability of current public information about us. An "affiliate" is a person that directly, or indirectly through one or more intermediaries, controls or is controlled by, or is under common control with an issuer.

Rule 144(k)

Under Rule 144(k), a person (or persons whose ordinary shares are aggregated) who is not deemed to have been our affiliate at any time during the three months preceding a sale, and who has beneficially owned the ordinary shares proposed to be sold for at least two years (including the holding period of any prior owner other than an affiliate), is entitled to sell these ordinary shares under Rule 144(k) without complying with the manner of sale, public information, volume limitation or notice provisions of Rule 144.

TAX CONSIDERATIONS

Netherlands Tax Considerations

The following is a summary of Netherlands tax consequences of the holding and disposal of ordinary shares. This summary does not purport to describe all possible tax considerations or consequences that may be relevant to a holder or prospective holder of ordinary shares. Holders should consult with their tax advisors with regards to the tax consequences of investing in the ordinary shares in their particular circumstances. The discussion below is included for general information purposes only.

Please note that this summary does not describe the tax considerations for holders of ordinary shares if such holders, and in the case of individuals, his/her partner or certain of their relatives by blood or marriage in the direct line (including foster children), have a substantial interest or deemed substantial interest in us as defined in The Netherlands Income Tax Act 2001. Generally speaking, a holder of securities in a company is considered to hold a substantial interest in such company, if such holder alone or, in the case of individuals, together with his/her partner (statutorily defined term), directly or indirectly, holds (i) an interest of 5% or more of the total issued and outstanding capital of that company or of 5% or more of the issued and outstanding capital of a certain class of shares of that company; or (ii) holds rights to acquire, directly or indirectly, such interest; or (iii) holds certain profit sharing rights in that company that relate to 5% or more of the company's annual profits and/or to 5% or more of the company's liquidation proceeds. A deemed substantial interest arises if a substantial interest (or part thereof) in a company has been disposed of, or is deemed to have been disposed of, on a non-recognition basis. Furthermore, this summary does not describe the tax considerations for holders of ordinary shares if the holder has an interest in us that qualifies for the participation exemption as laid down in The Netherlands corporate Income Tax Act 1969.

Except as otherwise indicated, this summary only addresses Netherlands national tax legislation and regulations, as in effect on the date hereof and as interpreted in published case law on the date hereof and is subject to change after such date, including changes that could have retroactive effect.

Withholding Tax

Dividends distributed by us generally are subject to Netherlands dividend withholding tax at a rate of 25%. The expression "dividends distributed" includes, among others:

- distributions in cash or in kind;
- liquidation proceeds, proceeds of redemption of ordinary shares, or proceeds of the repurchase of ordinary shares by us or one of our subsidiaries or other affiliated entities to the extent such proceeds exceed the average paid-in capital of those ordinary shares as recognized for the purposes of Netherlands dividend withholding tax;
- an amount equal to the par value of ordinary shares issued or an increase of the par value of ordinary shares, to the extent that it does not appear that a contribution, recognized for the purposes of Netherlands dividend withholding tax, has been made or will be made; and
- partial repayment of the paid-in capital, recognized for the purposes of Netherlands dividend withholding tax, if and to the extent that we have net profits ("*zuivere winst*"), unless the holders of ordinary shares have resolved in advance at a general meeting to make such repayment and the par value of the ordinary shares concerned has been reduced by an equal amount by way of an amendment of our articles of association.

If a holder of ordinary shares is resident in a country other than The Netherlands and if a double taxation convention is in effect between The Netherlands and such other country, such holder of

ordinary shares may, depending on the terms of that double taxation convention, be eligible for a full or partial exemption from, or refund of, Netherlands dividend withholding tax.

A U.S. Holder, as defined below, generally will be entitled to the benefits of the convention between The Netherlands and the United States for the avoidance of double taxation ("Netherlands-U.S. Treaty") if such U.S. holder is (i) the beneficial owner of the ordinary shares (and of dividends paid with respect thereto), (ii) an individual resident in the United States or a U.S. corporation, (iii) not resident in The Netherlands for Netherlands tax purposes, and (iv) not subject to an anti-treaty shopping rule. In contrast a U.S. holder generally will not be eligible for the benefits of The Netherlands-U.S. Treaty if such U.S. holder holds ordinary shares in connection with either the conduct of business through a permanent establishment or the performance of services through a fixed base in The Netherlands.

In order to qualify for a reduction of Netherlands withholding tax under The Netherlands-U.S. Treaty, a U.S. Holder must fill out a certificate of residence (using Form IB 92 USA) and have it certified by a financial institution (generally the entity that holds the ordinary shares as custodian for the U.S. Holder). If we receive the required documentation prior to the relevant dividend payment date, then we may apply the reduced withholding rate at the source. If the U.S. Holder fails to satisfy these requirements prior to the payment of a dividend, then the U.S. Holder may claim a refund of the excess of the amount withheld over the tax treaty rate by filing form IB 92 USA, along with a supplemental statement, with The Netherlands tax authorities. Pension funds and tax-exempt organizations qualifying for a complete exemption from tax are not entitled to claim tax treaty benefits at source, and instead must file claims for refund by filing Form IB 96 USA or Form IB 95 USA, respectively.

Individuals and corporate legal entities who are resident or deemed to be resident in The Netherlands for Netherlands tax purposes ("Netherlands resident individuals" and "Netherlands resident entities" as the case may be), including individuals who have made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands, can generally credit The Netherlands dividend withholding tax against their income tax or corporate income tax liability. The same generally applies to holders of ordinary shares that are neither resident nor deemed to be resident of The Netherlands if the ordinary shares are attributable to a Netherlands permanent establishment of such non-resident holder.

Pursuant to legislation to counteract "dividend stripping", a reduction, exemption, credit or refund of Netherlands dividend withholding tax is denied if the recipient of the dividend is not the beneficial owner. This legislation generally targets situations in which shareholders retain their economic interest in shares but reduce the withholding tax cost on dividends by a transaction with another party. For application of these rules it is not a requirement that the recipient of the dividends is aware that a dividend stripping transaction took place. The Netherlands state Secretary of Finance takes the position that the definition of beneficial ownership introduced by this legislation will also be applied in the context of a double taxation convention.

Taxes on Income and Capital Gains

Non-residents of The Netherlands. A holder of ordinary shares will not be subject to Netherlands taxes on income or on capital gains in respect of any payment under the ordinary shares or any gain realised on the disposal or deemed disposal of the ordinary shares, provided that:

(i) such holder is neither a resident nor deemed to be resident in The Netherlands for Netherlands tax purposes and, if such holder is an individual, such holder has not made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands;

(ii) such holder does not have an interest in an enterprise or a deemed enterprise which, in whole or in part, is either effectively managed in The Netherlands or is carried out through a permanent establishment, a deemed permanent establishment (statutorily defined term) or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the ordinary shares are attributable; and

(iii) in the event such holder is an individual, such holder does not carry out any activities in The Netherlands with respect to the ordinary shares that exceed ordinary active asset management (in Dutch: "normaal vermogensbeheer") and does not derive benefits from the ordinary shares that are (otherwise) taxable as benefits from other activities in The Netherlands ("resultaat uit overige werkzaamheden").

Netherlands resident individuals. If a holder of ordinary shares is a Netherlands resident individual (including the non-resident individual holder who has made an election for the application of the rules of The Netherlands Income Tax Act 2001 as they apply to residents of The Netherlands), any benefit derived or deemed to be derived from the ordinary shares is taxable at the progressive income tax rates (with a maximum of 52%), if:

(a) the ordinary shares are attributable to an enterprise from which The Netherlands resident individual derives a share of the profit, whether as an entrepreneur or as a person who has an equity interest in such enterprise, without being an entrepreneur or a shareholder, as defined in The Netherlands Income Tax Act 2001; or

(b) the holder of the ordinary shares is considered to perform activities with respect to the ordinary shares that exceed ordinary active asset management ("*normaal vermogensbeheer*") or derives benefits from the ordinary shares that are (otherwise) taxable as benefits from other activities ("*resultaat uit overige werkzaamheden*").

If the above-mentioned conditions (a) and (b) do not apply to an individual holder of ordinary shares, the ordinary shares are recognized as investment assets and included as such in such holder's net investment asset base ("*rendementsgrondslag*"). Such holder will be taxed annually on a deemed income of 4% of the aggregate amount of his or her net investment assets for the year at an income tax rate of 30%. The aggregate amount of the net investment assets for the year is the average of the fair market value of the investment assets less the allowable liabilities at the beginning of that year and the fair market value of the investment assets less the allowable liabilities at the end of that year. A tax free allowance may be available. Actual benefits derived from the ordinary shares are as such not subject to Netherlands income tax.

Netherlands resident entities. Any benefit derived or deemed to be derived from the ordinary shares held by Netherlands resident entities, including any capital gains realised on the disposal thereof, will generally be subject to Netherlands corporate income tax at a rate of 29.6% (a corporate income tax rate of 25.5% applies with respect to taxable profits up to €22,689, the first bracket for 2006).

A Netherlands qualifying pension fund is, in principle, not subject to Netherlands corporate income tax. A qualifying Netherlands resident investment fund ("*fiscale beleggingsinstelling*") is subject to Netherlands corporate income tax at a special rate of 0%.

Gift, Estate and Inheritance Taxes

Non-residents of The Netherlands. No Netherlands gift, estate or inheritance taxes will arise on the transfer of the ordinary shares by way of a gift by, or on the death of, a holder of ordinary shares who is neither resident nor deemed to be resident in The Netherlands, unless:

(i) such holder at the time of the gift has or at the time of his/her death had an enterprise or an interest in an enterprise that, in whole or in part, is or was either effectively managed in The

Netherlands or carried out through a permanent establishment or a permanent representative in The Netherlands and to which enterprise or part of an enterprise the ordinary shares are or were attributable; or

(ii) in the case of a gift of the ordinary shares by an individual who at the date of the gift was neither resident nor deemed to be resident in The Netherlands, such individual dies within 180 days after the date of the gift, while being resident or deemed to be resident in The Netherlands.

Residents of The Netherlands. Gift, estate and inheritance taxes will arise in The Netherlands with respect to a transfer of the ordinary shares by way of a gift by, or, on the death of, a holder of ordinary shares who is resident or deemed to be resident in The Netherlands at the time of the gift or his/her death.

For purposes of Netherlands gift, estate and inheritance taxes, amongst others, a person that holds The Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the ten years preceding the date of the gift or the death of this person. Additionally, for purposes of Netherlands gift tax, a person not holding the Netherlands nationality will be deemed to be resident in The Netherlands if such person has been resident in The Netherlands at any time during the 12 months preceding the date of the gift. Applicable tax treaties may override deemed residency.

Other Taxes and Duties

No Netherlands registration tax, customs duty, stamp duty or any other similar documentary tax or duty will be payable by a holder of ordinary shares in connection with holding the ordinary shares or the disposal of the ordinary shares.

U.S. Tax Considerations

Subject to the limitations and qualifications stated herein, this discussion sets forth the material U.S. federal income tax consequences of the purchase, ownership and disposition of the ordinary shares. The discussion of the holders' tax consequences addresses only those persons that acquire their ordinary shares in this offering and that hold those ordinary shares as capital assets and does not address the tax consequences to any special class of holder, including without limitation, holders of (directly, indirectly or constructively) 5% or more of the ordinary shares, dealers in securities or currencies, banks, tax-exempt organizations, life insurance companies, financial institutions, broker-dealers, regulated investment companies, real estate investment trusts, traders in securities that elect the mark-to-market method of accounting for their securities holdings, persons that hold securities that are a hedge or that are hedged against currency or interest rate risks or that are part of a straddle, conversion or "integrated" transaction, certain U.S. expatriates, partnerships or other entities classified as partnerships for U.S. federal income tax purposes and U.S. Holders whose functional currency for U.S. federal income tax purposes is not the U.S. dollar. This discussion does not address the effect of the U.S. federal alternative minimum tax or any state, local or foreign tax laws on a holder of ordinary shares. The discussion is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations thereunder, published rulings and court decisions, all as currently in effect and all subject to change at any time, possibly with retroactive effect.

For purposes of this discussion, a "U.S. Holder" means a beneficial owner of ordinary shares that is for U.S. federal income tax purposes an individual citizen or resident of the U.S.; a U.S. corporation, or other entity taxable as a corporation, created or organized in or under the laws of the United States or any political subdivision thereof; a trust if the trust (i) is subject to the primary supervision of a U.S. court and one or more U.S. persons are able to control all substantial decisions of the trust or (ii) has elected to be treated as a U.S. person; or an estate the income of which is subject to U.S. federal income tax regardless of its source. A "non-U.S. Holder" is a beneficial owner of our ordinary shares that is not a U.S. Holder.

Cash Dividends and Other Distributions

A U.S. Holder of ordinary shares generally will be required to treat distributions received with respect to such ordinary shares (including any amounts withheld pursuant to Netherlands tax law) as dividend income to the extent of AerCap's current or accumulated earnings and profits (computed using U.S. federal income tax principles), with the excess treated as a non-taxable return of capital to the extent of the holder's adjusted tax basis in the ordinary shares and, thereafter, as capital gain, subject to the passive foreign investment company ("PFIC") rules discussed below. Dividends paid to a U.S. Holder that is a corporation are not eligible for the dividends received deduction available to corporations. Current tax law provides for a maximum 15% U.S. tax rate on the dividend income of an individual U.S. Holder with respect to dividends paid by a domestic corporation or "qualified foreign corporation" if certain holding period requirements are met. A qualified foreign corporation generally includes a foreign corporation (other than a PFIC) if (i) its ordinary shares are readily tradable on an established securities market in the United States or (ii) it is eligible for benefits under a comprehensive U.S. income tax treaty. The ordinary shares are expected to be readily traded on the New York Stock Exchange. As a result, assuming we are not treated as a PFIC, we should be treated as a qualified foreign corporation with respect to dividends paid on our ordinary shares and, therefore, dividends paid to an individual U.S. Holder with respect to ordinary shares for which the requisite holding period is satisfied should be taxed at a maximum federal tax rate of 15%. The maximum 15% federal tax rate is scheduled to expire for taxable years commencing after December 31, 2010.

Distributions to U.S. Holders of additional ordinary shares or preemptive rights with respect to ordinary shares that are made as part of a pro rata distribution to all of our shareholders generally will not be subject to U.S. federal income tax, but in other circumstances may constitute a taxable dividend.

Distributions paid in a currency other than U.S. dollars will be included in a U.S. Holder's gross income in a U.S. dollar amount based on the spot exchange rate in effect on the date of actual or constructive receipt whether or not the payment is converted into U.S. dollars at that time. The U.S. Holder will have a tax basis in such currency equal to such U.S. dollar amount, and any gain or loss recognized upon a subsequent sale or conversion of the foreign currency for a different U.S. dollar amount will be U.S. source ordinary income or loss. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder generally should not be required to recognize foreign currency gain or loss in respect of the dividend income.

Subject to applicable limitations that may vary depending upon the circumstances, foreign taxes withheld from dividends on ordinary shares, to the extent the taxes do not exceed those taxes that would have been withheld had the holder been eligible for and actually claimed the benefits of any reduction in such taxes under applicable law or tax treaty, will be creditable against U.S. Holder's federal income tax liability. The limitation on foreign taxes eligible for credit is calculated separately with respect to specific classes of income. The rules governing foreign tax credits are complex and, therefore, prospective purchasers of ordinary shares should consult their own tax advisor regarding the availability of foreign tax credits in their particular circumstances. Instead of claiming a credit, a U.S. Holder may, at his election, deduct such otherwise creditable foreign taxes in computing his taxable income, subject to generally applicable limitations under U.S. law.

A non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on dividends paid with respect to ordinary shares unless such income is effectively connected with the conduct by the non-U.S. Holder of a trade or business within the United States.

Sale or Disposition of Ordinary Shares

A U.S. Holder generally will recognize gain or loss on the taxable sale or exchange of the ordinary shares in an amount equal to the difference between the U.S. dollar amount realized on such sale or exchange (determined in the case of shares sold or exchanged for currencies other than U.S. dollars by reference to the spot exchange rate in effect on the date of the sale or exchange or, if the ordinary shares sold or exchanged are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date) and the U.S. Holder's adjusted tax basis in the ordinary shares determined in U.S. dollars. The initial tax basis of the ordinary shares to a U.S. Holder will be the U.S. Holder's U.S. dollar purchase price for the shares (determined by reference to the spot exchange rate in effect on the date of the purchase, or if the shares purchased are traded on an established securities market and the U.S. Holder is a cash basis taxpayer or an electing accrual basis taxpayer, the spot exchange rate in effect on the settlement date). Assuming that the Company is not a PFIC and has not been treated as a PFIC during your holding period for our ordinary shares, such gain or loss will be capital gain or loss and will be long-term gain or loss if the ordinary shares have been held for more than one year. With respect to sales occurring in taxable years commencing before January 1, 2011, the maximum long-term capital gain tax rate for an individual U.S. Holder is 15%. For sales beginning in taxable years after December 31, 2010, under current law the long-term capital gain rate for an individual U.S. Holder is 20%. The deductibility of capital losses is subject to limitations. Capital gain or loss, if any, recognized by a U.S. Holder generally will be treated as U.S. source income or loss for U.S. foreign tax credit purposes.

A non-U.S. Holder of ordinary shares will not be subject to United States income or withholding tax on gain from the sale or other disposition of ordinary shares unless (i) such gain is effectively connected with the conduct of a trade or business within the United States or (ii) the non-U.S. Holder is an individual who is present in the United States for at least 183 days during the taxable year of the disposition and certain other conditions are met.

Potential Application of Passive Foreign Investment Company Provisions

We do not believe we will be classified as a PFIC for the current year. In general, a non-U.S. corporation will be classified as a PFIC for U.S. federal income tax purposes in any taxable year in which, after applying certain look-through rules, either (1) at least 75% of its gross income is "passive income" or (2) at least 50% of the average value of its gross assets is attributable to assets that produce "passive income" or are held for the production of "passive income". Passive income for this purpose generally includes dividends, interest, royalties, rents and gains from commodities, foreign currency and securities transactions. Certain exceptions are provided, however, for rental income derived in the active conduct of a business.

Our belief that we will not be classified as a PFIC for the current taxable year is based on (i) our financial statements and (ii) our current plans, expectations and projections regarding the use of the net proceeds of the offering, the value and nature of our assets and the sources and nature of our income. However, the determination as to whether a foreign corporation is a PFIC is a complex determination that is based on all of the relevant facts and circumstances and that depends on the classification of various assets and income under the rules that apply in determining whether a foreign corporation is a PFIC. It is unclear how some of these rules apply to us. Further, this determination must be tested annually and, while we intend to conduct our affairs in a manner that will reduce the likelihood of our becoming a PFIC, our circumstances may change or our business plan may result in our engaging in activities that could cause us to become a PFIC. Accordingly, there can be no assurance that we will not be classified as a PFIC for the current taxable year or any future taxable year.

If we are or become a PFIC in a taxable year in which we pay a dividend or the prior taxable year, the 15% dividend rate discussed above with respect to dividends paid to non-corporate holders would not apply. If we are a PFIC, subject to the discussion of the qualified electing fund election below, a U.S. Holder of ordinary shares will be subject to additional tax and an interest charge on "excess distributions" received with respect to the ordinary shares or gains realized on the disposition of such ordinary shares. Such a U.S. Holder will have an excess distribution if distributions during any tax year exceed 125% of the average amount received during the three preceding tax years (or, if shorter, the U.S. Holder's holding period). A U.S. Holder may realize gain on an ordinary share not only through a sale or other disposition, but also by pledging the ordinary share as security for a loan or entering into certain constructive disposition transactions. To compute the tax on an excess distribution or any gain, (i) the excess distribution or gain is allocated ratably over the U.S. Holder's holding period, (ii) the amount allocated to the current tax year and amounts allocated to any year before the first year in which we are a PFIC is taxed as ordinary income in the current tax year, and (iii) the amount allocated to each previous tax year (other than the any year before the first year in which we are a PFIC) is taxed at the highest applicable marginal rate in effect for that year and an interest charge is imposed to recover the deemed benefit from the deferred payment of the tax. These rules effectively prevent a U.S. Holder from treating the gain realized on the disposition of an ordinary share as capital gain.

If we are a PFIC and our ordinary shares are "regularly traded" on a "qualified exchange," a U.S. Holder may make a mark-to-market election, which may mitigate the adverse tax consequences resulting from the Company's PFIC status. The ordinary shares will be treated as "regularly traded" in any calendar year during which more than a *de minimis* quantity of ordinary shares are traded on a qualified exchange on at least 15 days during each calendar quarter. The New York Stock Exchange on which the ordinary shares are expected to be regularly traded is a qualified exchange for U.S. federal income tax purposes.

If a U.S. Holder makes the mark-to-market election, for each year in which we are a PFIC the holder generally will include as ordinary income the excess, if any, of the fair market value of the ordinary shares at the end of the taxable year over their adjusted basis, and will be permitted an ordinary loss in respect of the excess, if any, of the adjusted basis of the ordinary shares over their fair market value at the end of the taxable year (but only to the extent of the net amount of previously included income as a result of the mark-to-market election). If a U.S. Holder makes the election, his basis in the ordinary shares will be adjusted to reflect any such income or loss amounts. Any gain recognized on the sale or other disposition of ordinary shares, for which the mark-to-market election has been made, will generally be treated as ordinary income.

Alternatively, if we become a PFIC in any year, a U.S. Holder of ordinary shares may wish to avoid the adverse tax consequences resulting from our PFIC status by making a qualified electing fund ("QEF") election with respect to our ordinary shares in such year. If a U.S. Holder makes a QEF election, the holder will be required to include in gross income each year (i) as ordinary income, its pro rata share of our earnings and profits in excess of net capital gains and (ii) as long-term capital gains, its pro rata share of our net long-term capital gains, in each case, whether or not cash distributions are actually made. The amounts recognized by a U.S. Holder making a QEF election generally are treated as income from sources outside the U.S. If, however, U.S. Holders hold at least half of the ordinary shares, a percentage of our income equal to the proportion of our income that we receive from U.S. sources will be U.S. source income for the U.S. Holders of ordinary shares. Because a U.S. Holder of shares in a PFIC that makes a QEF election is taxed currently on its pro rata share of our income, the amounts recognized will not be subject to tax when they are distributed to the U.S. Holder. An electing U.S. Holder's basis in the ordinary shares will be increased by any amounts included in income currently as described above and decreased by any amounts not subjected to tax at the time of distribution. If we are or become a PFIC, a U.S. Holder would make a QEF election in respect of its ordinary shares by attaching a properly completed IRS Form 8621 in respect of such shares to the

holder's timely filed U.S. federal income tax return. For any taxable year that we determine that we are a PFIC, we will (i) provide notice of our status as a PFIC as soon as practicable following such taxable year and (ii) comply with all reporting requirements necessary for U.S. Holders to make QEF elections, including providing to shareholders upon request the information necessary for such an election.

Although a U.S. Holder normally is not permitted to make a retroactive QEF election, a retroactive election (a "retroactive QEF election") may be made for a taxable year of the U.S. Holder (the "retroactive election year") if the U.S. Holder (i) reasonably believed that, as of the date the QEF election was due, the foreign corporation was not a PFIC for its taxable year that ended during the retroactive election year and (ii) to the extent provided for in applicable Treasury Regulations, filed a protective statement with respect to the foreign corporation, applicable to the retroactive election year, in which the U.S. Holder described the basis for its reasonable belief and extended the period of limitation on the assessment of taxes for all taxable years of the shareholder to which the protective statement applies. If required to be filed to preserve the U.S. Holder's ability to make a retroactive QEF election, the protective statement must be filed by the due date of the investor's return (including extensions) for the first taxable year to which the statement is to apply. U.S. Holders should consult their own tax advisor regarding the advisability of filing a protective statement.

As discussed above, if we are a PFIC, a U.S. Holder of ordinary shares that makes a QEF election (including a proper retroactive QEF election) will be required to include in income currently its pro rata share of our earnings and profits whether or not we actually distribute earnings. The use of earnings to fund reserves or pay down debt or to fund other investments could result in a U.S. Holder of ordinary shares recognizing income in excess of amounts it actually receives. In addition, our income from an investment for U.S federal income tax purposes may exceed the amount we actually receive. If we are a PFIC and a U.S. Holder makes a valid QEF election in respect of their ordinary shares, such holder may be able to elect to defer payment, subject to an interest charge for the deferral period, of the tax on income recognized on account of the QEF election. Prospective purchasers of ordinary shares should consult their tax advisors about the advisability of making a QEF election, protective QEF election and deferred payment election.

Miscellaneous itemized deductions of an individual U.S. person can only be deducted to the extent that all of such person's miscellaneous itemized deductions exceed 2% of their adjusted gross income. In addition, an individual's miscellaneous itemized deductions are not deductible for purposes of computing the alternative minimum tax. Certain expenses of the Company might be a miscellaneous itemized deduction if incurred by an individual. A U.S. person that owns an interest in a "pass-through entity" is treated as recognizing income in an amount corresponding to its share of any item of expense that would be a miscellaneous itemized deduction and as separately deducting that item subject to the limitations described above. If it is determined that we are a PFIC, the IRS could take the position that we are a "pass-through entity" with respect to a U.S. Holder of ordinary shares that makes a QEF election.

Special rules apply to determine the foreign tax credit with respect to withholding taxes imposed on distributions on shares in a PFIC. If a U.S. Holder owns ordinary shares during any year in which we are a PFIC, such Holder must file Internal Revenue Service Form 8621.

We urge prospective purchasers of ordinary shares to consult their tax advisers concerning the tax considerations relevant to an investment in a PFIC, including the availability and consequences of making the mark-to-market election and QEF election discussed above.

Information Reporting and Backup Withholding

Information reporting to the U.S. Internal Revenue Service generally will be required with respect to payments on the ordinary shares and proceeds of the sale of the ordinary shares paid to holders that are U.S. taxpayers, other than corporations and other exempt recipients. A 28% "backup" withholding tax may apply to those payments if such a holder fails to provide a taxpayer identification number to the paying agent and to certify that no loss of exemption from backup withholding has occurred. Holders that are not subject to U.S. taxation may be required to comply with applicable certification procedures to establish that they are not U.S. taxpayers in order to avoid the application of such information reporting requirements and backup withholding. The amounts withheld under the backup withholding rules are not an additional tax and may be refunded, or credited against the holder's U.S. federal income tax liability, if any, provided the required information is furnished to the U.S. Internal Revenue Service.

THE ABOVE DISCUSSION IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE ORDINARY SHARES.

UNDERWRITERS

Under the terms and subject to the conditions contained in an underwriting agreement dated the date of this prospectus, the underwriters named below, for whom Morgan Stanley & Co. Incorporated, Goldman Sachs & Co. and Lehman Brothers Inc. are acting as representatives, have severally agreed to purchase, and we and the selling shareholders have agreed to sell to them, severally, the number of ordinary shares indicated below:

Name	Number of Ordinary Shares
Morgan Stanley & Co. Incorporated	
Goldman, Sachs & Co.	
Lehman Brothers Inc.	
Merrill Lynch, Pierce, Fenner & Smith Incorporated	
UBS Securities LLC	
Wachovia Capital Markets, LLC	
JP Morgan Securities Inc.	
Citigroup Global Markets Inc.	
Calyon Securities (USA) Inc.	
Total	26,100,000

The underwriters are offering the ordinary shares subject to their acceptance of the ordinary shares from us and the selling shareholders and subject to prior sale. The underwriting agreement provides that the obligations of the several underwriters to pay for and accept delivery of the ordinary shares offered by this prospectus are subject to the approval of certain legal matters by their counsel and to certain other conditions. The underwriters are obligated to take and pay for all of the ordinary shares offered by this prospectus if any such ordinary shares are taken. However, the underwriters are not required to take or pay for the ordinary shares covered by the underwriters' over-allotment option described below.

The underwriters initially propose to offer part of the ordinary shares directly to the public at the public offering price listed on the cover page of this prospectus and part to certain dealers at a price that represents a concession not in excess of $ a share under the public offering price. Any underwriter may allow, and such dealers may reallow, a concession not in excess of $ a share to other underwriters or to certain dealers. After the initial offering of the ordinary shares, the offering price and other selling terms may from time to time be varied by the representatives.

The selling shareholders have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus, to purchase up to an aggregate of 3,915,000 additional ordinary shares, at the public offering price listed on the cover page of this prospectus, less underwriting discounts and commissions. The underwriters may exercise this option solely for the purpose of covering over-allotments, if any, made in connection with the offering of the ordinary shares offered by this prospectus. To the extent the option is exercised, each underwriter will become obligated, subject to certain conditions, to purchase about the same percentage of the additional ordinary shares as the number listed next to the underwriter's name in the preceding table bears to the total number of ordinary shares listed next to the names of all underwriters in the preceding table. If the underwriters' option is exercised in full, the total price to the public would be $, the total underwriters' discounts and commissions would be $ and total proceeds to the selling shareholders would be $.

The underwriters have informed us that they do not intend to confirm sales to accounts over which they exercise discretionary authority without the prior written approval of the customer.

Our ordinary shares have been authorized for listing on the New York Stock Exchange under the symbol "AER".

We, the selling shareholders, all of our directors and executive officers and certain of our other stockholders have agreed that, without the prior written consent of Morgan Stanley & Co. Incorporated, Goldman Sachs & Co. and Lehman Brothers Inc. on behalf of the underwriters, we and they will not, during the period ending 180 days after the date of this prospectus:

- offer, pledge, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend, or otherwise transfer or dispose of directly or indirectly, any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares;
- file any registration statement with the SEC relating to the offering of any ordinary shares or any securities convertible into or exercisable or exchangeable for ordinary shares; or
- enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the ordinary shares;

whether any such transaction described above is to be settled by delivery of ordinary shares or such other securities, in cash or otherwise. The restrictions described in this paragraph do not apply to:

- the sale of ordinary shares to the underwriters;
- our issuance of ordinary shares upon the exercise of an option or a warrant; or
- the issuance of ordinary shares in connection with the acquisition of, or a joint venture with, another company if the aggregate number of ordinary shares issued in such transactions, taken together, does not exceed 5% of the aggregate number of ordinary shares issued in this offering.

The 180-day restricted period described above is subject to extension such that, in the event that either (1) during the last 17 days of the applicable restricted period, we issue an earnings release or material news or a material event relating to us occurs or (2) prior to the expiration of the applicable restricted period, we announce that we will release earnings results during the 16-day period beginning on the last day of the applicable restricted period, the "lock-up" restrictions described above will, subject to limited exceptions, continue to apply until the expiration of the 18-day period beginning on the earnings release or the occurrence of the material news or material event.

The estimated offering expenses payable by us, in addition to the underwriting discounts and commissions, are approximately $, which includes accounting and a portion of the legal and printing costs and various other fees associated with registering and listing our ordinary shares.

The following table shows the per share and total underwriting discounts and commissions that we and the selling shareholders are to pay to the underwriters in connection with this offering. These amounts are shown assuming both no exercise and full exercise of the underwriters' over-allotment option to purchase additional ordinary shares from the selling shareholders.

	Per Share		Total	
	Without Over-allotment	With Over-allotment	Without Over-allotment	With Over-allotment
Underwriting discounts and commissions paid by us	$	$	$	$
Expenses payable by us	$	$	$	$
Underwriting discounts and commissions paid by the selling shareholders	$	$	$	$
Expenses payable by the selling shareholders	$	$	$	$

In order to facilitate the offering of the ordinary shares, the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the ordinary shares. Specifically, the underwriters may sell more ordinary shares than they are obligated to purchase under the underwriting

agreement, creating a short position. A short sale is covered if the short position is no greater than the number of ordinary shares available for purchase by the underwriters under the over-allotment option. The underwriters can close out a covered short sale by exercising the over-allotment option or purchasing ordinary shares in the open market. In determining the source of ordinary shares to close out a covered short sale, the underwriters will consider, among other things, the open market price of ordinary shares compared to the price available under the over-allotment option. The underwriters may also sell ordinary shares in excess of the over-allotment option, creating a naked short position. The underwriters must close out any naked short position by purchasing ordinary shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the ordinary shares in the open market after pricing that could adversely affect investors who purchase in the offering. As an additional means of facilitating the offering, the underwriters may bid for, and purchase, ordinary shares in the open market to stabilize the price of the ordinary shares. The underwriting syndicate may also reclaim selling concessions allowed to an underwriter or a dealer for distributing the ordinary shares in the offering, if the syndicate repurchases previously distributed ordinary shares to cover syndicate short positions or to stabilize the price of the ordinary shares. These activities may raise or maintain the market price of the ordinary shares above independent market levels or prevent or retard a decline in the market price of the ordinary shares. The underwriters are not required to engage in these activities, and may end any of these activities at any time.

A prospectus in electronic format may be made available on the web sites maintained by one or more underwriters. The representative may agree to allocate a number of ordinary shares to underwriters for sale to their online brokerage account holders. Internet distributions will be allocated by the representative to underwriters that may make Internet distributions on the same basis as other allocations.

Other than this prospectus in electronic format, the information on any underwriter's web site and any information contained in any other web site maintained by an underwriter is not part of this prospectus or the registration statement of which this prospectus forms a part, has not been approved and/or endorsed by us or any underwriter in its capacity as an underwriter and should not be relied upon by investors.

From time to time, certain of the underwriters and their respective affiliates have provided, and continue to provide, investment banking and other services to us for which they receive customary fees and commissions.

An affiliate of Lehman Brothers Inc. (the "Lehman Affiliate") has a 2.7% participation interest in the limited partnership interests that Cerberus holds in our indirect shareholders. Proceeds from this offering received by our selling shareholders will be distributed to our indirect shareholders and used to pay all accrued and unpaid dividends on, and redeem, certain preferred shares issued by our indirect shareholders. The Lehman Affiliate will receive 2.7% of the accrued and unpaid dividends and liquidation preference payments made to Cerberus in respect of the preferred shares held by it. For more information, see "Principal and Selling Shareholders". We expect that the remaining proceeds, if any, from this offering received by our indirect shareholders will be distributed to the common shareholders of each indirect shareholder. The Lehman Affiliate will receive 2.7% of the remaining proceeds, if any, to be paid to Cerberus in respect of its ownership of our indirect shareholders' common shares.

Assuming an offering price of $23.00 per share, (the mid-point of the price range set forth on the cover of this prospectus), the sale by the selling shareholders of the number of shares set forth on the cover of this prospectus and distribution of the proceeds of this offering as described above, the Lehman Affiliate would receive $11,752,290.00 of the proceeds of this offering received by the selling shareholders.

Affiliates of Calyon Securities (USA), Inc. (each a "Calyon Affiliate") are lenders to AeroTurbine under its senior secured term loan and junior term loan (the "Calyon Loans") and a revolving credit facility (the "Calyon Revolving Credit Facility"), all entered into on April 26, 2006. See "Indebtedness—AeroTurbine Calyon Loans and Facility".

Our AerDragon joint venture is 25% owned by a Calyon Affiliate. See "Business—Aircraft—Joint Ventures—AerDragon".

In September 2005, a Calyon Affiliate provided a liquidity facility in the amount of $67.0 million, which may be drawn upon to pay certain expenses of Aircraft Lease Securitisation. See "Indebtedness—Aircraft Lease Securitisation—Liquidity".

In October 2006, we entered into a $248.0 million senior secured term loan with a syndicate of banks led by a Calyon Affiliate to finance the purchase of 25 aircraft from GATX. See "Indebtedness—GATX Aircraft Calyon Facility".

In January 2006, AerVenture and a Calyon Affiliate signed a term sheet pursuant to which the Calyon Affiliate agreed to arrange and manage a syndicated credit facility to finance a portion of the pre-delivery payments to Airbus in an amount up to $119.0 million. The Calyon Affiliate's obligations under the term sheet are subject to the parties entering into definitive documentation. See "Indebtedness—AerVenture Pre-delivery Payment Facility".

An employee of a Calyon Affiliate, Franck Genet, is a director of Lyon Location S.à.r.l., our wholly-owned subsidiary. For this role, Mr. Genet receives customary compensation.

An affiliate of Wachovia Capital Markets, LLC (the "Wachovia Affiliate") is a party to a senior credit agreement (the "Wachovia Senior Credit Agreement") with AerCap AT, an entity which was a wholly-owned subsidiary of AeroTurbine and in May 2006 merged with AeroTurbine. The Wachovia Senior Credit Agreement was entered into on April 26, 2006, with the Wachovia Affiliate acting as a co-documentation agent for several banks and financial institutions. See "Indebtedness—AeroTurbine Calyon Loans and Facility".

Affiliates of UBS Securities LLC are lenders to our consolidated subsidiary, AerFunding 1 Limited, under its non-recourse $1.0 billion senior secured revolving credit facility (the "UBS Revolving Credit Facility"). The UBS Revolving Credit Facility was entered into on April 26, 2006. See "Indebtedness—UBS Revolving Credit Facility".

A non-executive director of the Company, W. Brett Ingersoll, previously served as a partner of an affiliate of JP Morgan from 1993 to 2002. For more information, see "Management—Directors and Executive Officers—Directors".

We intend to use all of the net proceeds we receive from the sale of our ordinary shares to repay indebtedness owed by AeroTurbine to certain affiliates of Calyon Securities (USA), Inc. who are lenders under the Calyon Loans and Calyon Revolving Credit Facility. Accordingly, the offering is being made in compliance with the requirements of Rule 2710(h) of the Conduct Rules of the National Association of Securities Dealers, Inc. This rule provides generally that if more than 10% of the net proceeds from the sale of equity securities, not including underwriting compensation, is paid to an underwriter of such equity securities or their affiliates, the public offering price of the securities can be no higher than that recommended by a "qualified independent underwriter" (as such term is defined in Rule 2720). In accordance with such requirements, Morgan Stanley has agreed to serve as a "qualified independent underwriter" and has conducted due diligence and has recommended a maximum price for the ordinary shares.

We, the selling stockholders and the underwriters have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

Pricing of the Offering

Prior to this offering, there has been no public market for our ordinary shares. The initial public offering price will be determined by negotiations among us, the selling shareholders and the representatives of the underwriters. Among the factors to be considered in determining the initial public offering price will be our future prospects and the prospects of our industry in general, sales, earnings and certain other financial operating information relating to us in recent periods, and the price-earnings ratios, price-sales ratios, market prices of securities and certain financial and operating information of companies engaged in activities similar to ours. The estimated initial public offering price range set forth on the cover page of this preliminary prospectus is subject to change as a result of market conditions and other factors.

Selling Restrictions

No action has been taken in any jurisdiction (except in the United States) that would permit a public offering of the ordinary shares, or the possession, circulation or distribution of this prospectus or any other material relating to us, the selling shareholders or the ordinary shares in any jurisdiction where action for that purpose is required. Accordingly, the ordinary shares may not be offered or sold, directly or indirectly, and neither this prospectus nor any other offering material or advertisements in connection with the ordinary shares may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of any such country or jurisdiction.

The ordinary shares offered pursuant to this prospectus are not being registered under the Securities Act for the purpose of sales outside the United States.

European Economic Area. In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), the ordinary shares are not, will not, and may not be offered to the public in that Relevant Member State except that, with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, ordinary shares may be offered to the public in that Relevant Member State at any time:

- in the period beginning on the date of publication of a prospectus in relation to ordinary shares, which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive in that Relevant Member States and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member States;

- to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;

- to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) total balance sheet assets of more than € 43,000,000 and (3) an annual net turnover of more than € 50,000,000, as shown in its last annual or consolidated accounts; or

- in any other circumstances which do not require the publication by the Company of a prospectus pursuant to the Prospectus Directive.

For the purposes of this provision, the expression an "offer of ordinary shares to the public" in relation to any ordinary shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the ordinary shares to be offered so as to enable an investor to decide to purchase or subscribe for the ordinary shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member States and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member States.

United Kingdom. This document is only being distributed to and is only directed at (i) persons who are outside the United Kingdom or (ii) to investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order") or (iii) high net worth entities, and other persons to whom it may lawfully be communicated, falling within Article 49(2)(a) to (e) of the Order (all such persons together being referred to as "relevant persons"). The ordinary shares are only available to, and any invitation, offer or agreement to subscribe, purchase or otherwise acquire such ordinary share will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

Each of the underwriters has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 or FSMA) received by it in connection with the issue or sale of the ordinary shares in circumstances in which Section 21(1) of the FSMA does not apply to us, and

(b) it has complied with, and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the ordinary shares in, from or otherwise involving the United Kingdom.

The Netherlands. The ordinary shares may not be offered or sold, transferred or delivered, as part of their initial distribution or at any time thereafter, directly or indirectly, to any individual or legal entity in The Netherlands other than to individuals or legal entities domiciled or resident in The Netherlands who are professional parties within the meaning of section 1a, in Subsection 3 of The Netherlands Exemption Regulation to the Netherlands Act on the supervision of the Securities Trade 1995 (*vrijstellingsregeling wet toezicht effecten-verkeer* 1995), as amended from time to time, which includes banks, certain securities intermediaries, including dealers and brokers, insurance companies, pension funds, and certain other institutional investors and commercial enterprises which, as an ancillary activity, regularly trade or invest in securities.

Hong Kong. The ordinary shares may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the ordinary shares may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the ordinary shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore. This prospectus has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the ordinary shares may not be circulated or distributed, nor may the ordinary shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the ordinary shares are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the ordinary shares under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

Japan. The ordinary shares have not been and will not be registered under the Securities and Exchange Law of Japan (the Securities and Exchange Law) and each underwriter has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities and Exchange Law and any other applicable laws, regulations and ministerial guidelines of Japan.

Ireland. Under the Irish Investment Intermediaries Acts 1995-2000, a person or persons acting in concert proposing to acquire a direct or indirect holding of our ordinary shares or other interest in us must give the Irish Financial Services Regulatory Authority prior written notice of such proposed acquisition if the acquisition would (i) represent 10% or more of the our capital or voting rights; (ii) result in the proportion of capital or voting rights in us held by such person or persons reaching or exceeding 10%, 20%, 33% or 50% of the capital or voting rights in us; or (iii) in the opinion of the Financial Regulator of Ireland, make it possible for that person or those persons to control or exercise a significant influence over the management of either or both of our Irish regulated entities. Pursuant to the Irish Investment Intermediaries Acts 1995-2000, any such proposed acquisition shall not proceed until (a) the Irish Financial Services Regulatory Authority has informed us and such acquiring person or persons that it approves of such acquisition or (b) the period prescribed in section 40 of the Irish Investment Intermediaries Acts 1995-2000 has elapsed without the Irish Financial Regulator having refused to grant such approval. Corresponding provisions apply for the disposition of our ordinary shares except that, in such case, no approval is required, but notice of the disposition must be given.

ENFORCEMENT OF CIVIL LIABILITIES

We are a Netherlands public limited liability company (*"naamloze vennootschap"*). Most of our directors and executive officers live outside of the United States. Most of the assets of our directors and most of our assets are located outside of the United States. As a result, it may not be possible to serve process on us or on such persons in the United States or to enforce judgments obtained in U.S. courts against them or us based on the civil liability provisions of the securities laws of the United States. Under our articles of association (i) certain disputes between, among others, our shareholders and us and or our directors must be exclusively submitted to Netherlands courts, and (ii) the legal relationships between, among others, those persons are governed by the laws of The Netherlands. There is doubt as to whether Netherlands courts would enforce certain civil liabilities under U.S. securities laws in original actions. In addition, there is doubt as to whether Netherlands courts will enforce claims for punitive damage. An award rendered by a foreign court is recognized and enforceable in The Netherlands only under a treaty to that effect between the state of the foreign court and The Netherlands. In the absence of a treaty providing for the recognition and enforcement of judgments of U.S. courts, Netherlands courts will not recognize and enforce judgments of U.S. courts based upon these civil liability provisions.

LEGAL MATTERS

Certain legal matters will be passed upon for us by Milbank, Tweed, Hadley & McCloy LLP, New York, New York, and NautaDutilh N.V., The Netherlands will pass upon the validity of the ordinary shares. Davis Polk & Wardwell, New York, New York is representing the underwriters in this offering.

EXPERTS

The financial statements for AerCap B.V. as of December 31, 2004 and for the years ended December 31, 2003 and 2004 and the six months ended June 30, 2005 and for AerCap Holdings C.V. as of December 31, 2005 and for the period from June 27 to December 31, 2005 included in this prospectus, have been so included in reliance on the reports (which contain explanatory paragraphs relating to the restatement of the consolidated financial statements as of December 31, 2004 and for each of the two year periods ending December 31, 2004 and for the periods from January 1, 2005 to June 30, 2005 and from June 27, 2005 to December 31, 2005) of PricewaterhouseCoopers Accountants N.V., an independent registered public accounting firm, given on the authority of said firm as experts in accounting and auditing.

The historical combined financial statements of AeroTurbine, Inc. as of December 31, 2005 and the year then ended, have been included herein in reliance upon the report of KPMG LLP, independent accountants, appearing elsewhere herein, which includes an explanatory paragraph that on April 26, 2006, AeroTurbine, Inc. was acquired by AerCap Inc., and upon authority of said firm as experts in accounting and auditing.

The section in this prospectus entitled "Aircraft, Engine and Aviation Parts Industry" is based upon information either compiled or produced by Simat, Helliesen & Eichner, Inc. and is included on reliance upon the authority of that firm as an expert. In the introduction to such section, Simat, Helliesen & Eichner notes that it has taken reasonable care in the compilation of the statistical and graphical information it has provided and believes such information to be accurate and correct, but that its compilation of such data is subject to limited verification, audit and validation procedures.

WHERE YOU CAN FIND MORE INFORMATION

We have filed a registration statement, of which this prospectus is a part, on Form F-1 with the SEC relating to this offering. This prospectus, which is part of the registration statement, does not contain all of the information in the registration statement and the exhibits and financial statements included with the registration statement. For further information, we refer you to the registration statement and the exhibits filed as part of the registration statement. If a document has been filed as an exhibit to the registration statement, we refer you to the copy that has been filed.

Upon declaration of effectiveness of the registration statement, we will become subject to the informational requirements of the U.S. Securities Exchange Act of 1934. Accordingly, we will be required to file reports and other information with the SEC, including reports on Form 20-F and Form 6-K. You may inspect and copy reports and other information filed with the SEC at the public reference room in Washington, D.C. at 100 F Street, Room 1580, N.E., Washington, D.C. 20549. You can also request copies of those documents, upon payment of a duplicating fee, by writing to the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. The SEC also maintains an internet site that contains reports, proxy and information statements and other information regarding issuers that file with the SEC. The website address is http://www.sec.gov. You may also request a copy of these filings, at no cost, by writing or telephoning us as follows: AerCap Holdings N.V., Evert van de Beekstraat 312, 1118 CX Schiphol Airport, The Netherlands, +31-20-655-9655.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

PRICEWATERHOUSECOOPERS

Report of Independent Registered Public Accounting Firm

To: the General Partner of AerCap Holdings C.V.

We have audited the accompanying consolidated balance sheet of AerCap Holdings C.V. (the "Successor") and its subsidiaries as of December 31, 2005 and the related consolidated statements of income, partners' capital and cash flows for the period from June 27, 2005 to December 31, 2005. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of AerCap Holdings C.V. and its subsidiaries, at December 31, 2005, and the results of their operations and cash flows for the period June 27, 2005 to December 31, 2005 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the consolidated statement of cash flows has been restated for the period from June 27, 2005 to December 31, 2005.

Rotterdam, May 19, 2006,
except for "debt issuance costs" and "investments in direct finance leases" as described in note 1 which is dated July 28, 2006
PricewaterhouseCoopers Accountants N.V.

/s/ Andre Tukker

Andre Tukker

PRICEWATERHOUSECOOPERS

Report of Independent Registered Public Accounting Firm

To: the General Partner of AerCap Holdings C.V.

We have audited the accompanying consolidated balance sheet of debis AirFinance B.V. (the "Predecessor") and its subsidiaries as of December 31, 2004, and the related consolidated statements of income, shareholders' equity and cash flows for the period from January 1, 2005 to June 30, 2005 and for the years ended December 31, 2004 and December 31, 2003. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of debis AirFinance B.V. and its subsidiaries, at December 31, 2004, and the results of their operations and cash flows for the period January 1, 2005 to June 30, 2005 and for the years ended December 31, 2004 and December 31, 2003 in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 1 to the consolidated financial statements, the consolidated financial statements have been restated as of December 31, 2004 and for each of the two years in the period ended December 31, 2004 and for the period from January 1, 2005 to June 30, 2005.

Rotterdam, May 19, 2006,
except for "debt issuance costs" and "investments in direct finance leases" as described in note 1 which is dated July 28, 2006
PricewaterhouseCoopers Accountants N.V.

/s/ Andre Tukker

Andre Tukker

AerCap Holdings C.V. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2004 and 2005

	Note	December 31, 2004 AerCap B.V. (restated)	December 31, 2005 AerCap Holdings C.V.
		(US dollars in thousands)	
Assets			
Cash and cash equivalents		$ 143,640	$ 183,554
Restricted cash	3	118,422	157,730
Trade receivables, net of provisions of $23,255 and $3,405	4	5,826	6,575
Flight equipment held for operating leases, net	5	2,748,347	2,189,267
Net investment in direct finance leases	6	141,015	1,072
Notes receivable, net of provisions, of $51,500 and $2,563	7	250,774	196,620
Prepayments on flight equipment	8	135,202	115,657
Investments	9	21,866	3,000
Intangible lease premium, net	10	—	38,571
Derivative assets	11	—	18,420
Deferred income taxes	17	22,903	99,346
Other assets	12	26,955	51,421
Total Assets		$ 3,614,950	$ 3,061,233
Liabilities and Partners' Capital			
Accounts payable		$ 6,856	$ 2,575
Accrued expenses and other liabilities	13	46,483	76,562
Accrued maintenance liability		160,762	150,322
Lessee deposit liability		59,997	56,386
Term debt	14	3,115,492	2,172,995
Accrual for onerous contracts	15	87,097	152,634
Deferred revenue	16	26,082	22,009
Derivative liabilities	11	20,144	8,087
Deferred income taxes	17	65,022	—
Commitments and contingencies	29	—	—
Total Liabilities		3,587,935	2,641,570
Ordinary share capital, €453.78 par value (800,000 shares authorized, 736,203 shares issued and outstanding)	18	333,780	—
General partner's capital	19	—	3,700
Limited partners' capital	19	—	366,300
Accumulated other comprehensive (loss) income		(181)	—
Accumulated (deficit) retained earnings		(306,584)	49,663
Total shareholders' equity / partners' capital		27,015	419,663
Total liabilities and shareholders' equity / partners' capital		$ 3,614,950	$ 3,061,233

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings C.V. and Subsidiaries

Consolidated Income Statements

For the Years Ended December 31, 2003 and 2004, the Six Months Ended June 30, 2005, and the Period from June 27 to December 31, 2005

		AerCap B.V.			AerCap Holdings C.V.
		Year ended December 31,			
	Note	2003 (restated)	2004 (restated)	Six months ended June 30, 2005	June 27 to December 31, 2005
		(US dollars in thousands, except per share amounts)			
Revenues					
Lease revenue	21	$ 343,045	$ 308,500	$ 175,333	$ 173,568
Sales revenue		7,499	32,050	79,574	12,489
Management fee revenue		13,400	15,009	6,512	7,674
Interest revenue		22,432	21,641	13,130	20,335
Other revenue	1	84,568	13,667	3,459	1,006
Total Revenues		470,944	390,867	278,008	215,072
Expenses					
Depreciation and amortization	5	143,303	125,877	66,407	45,918
Cost of goods sold		6,657	18,992	57,632	10,574
Aircraft impairment	23	6,066	—	—	—
Goodwill impairment	24	—	132,411	—	—
Impairment of investments	25	—	2,260	—	—
Interest on term debt	14	123,435	113,132	69,857	44,742
Operating lease in costs	15	50,650	35,770	13,877	11,441
Leasing expenses		3,610	30,536	9,688	12,213
Provision for doubtful notes and accounts receivable	4,7	13,559	634	3,161	3,002
Restructuring expenses	26	19,260	—	—	—
Selling, general and administrative expenses	25	39,267	36,449	19,559	26,949
Total Expenses		405,807	496,061	240,181	154,839
Income (Loss) from continuing operations before income taxes		65,137	(105,194)	37,827	60,233
Provision for income taxes	17	(28,222)	(168)	(4,127)	(10,570)
Net Income (Loss)		$ 36,915	$ (105,362)	$ 33,700	$ 49,663
Basic and diluted earnings (loss) per share		$ 50.14	$ (143.12)	$ 45.78	—
Weighted average shares outstanding, basic and diluted		736,203	736,203	736,203	—
Pro forma net income, earnings per share and weighted average shares due to change in organizational structure (unaudited)					
Net income as reported		—	—	—	$ 49,663
Pro forma income taxes	2	—	—	—	3,036
Pro forma net income		—	—	—	$ 46,627
Pro forma basic earnings per share, basic and diluted		—	—	—	$ 0.60
Pro forma weighted average shares, basic and diluted		—	—	—	78,236,957

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings C.V. and Subsidiaries

Consolidated Statements of Cash Flows

For the Years Ended December 31, 2003 and 2004, the Six Months Ended June 30, 2005 and the Period from June 27 to December 31, 2005

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003 (restated)	2004 (restated)	Six months ended June 30, 2005 (restated)	June 27 to December 31, 2005 (restated)
			(US dollars in thousands)	
Net income (loss)	$ 36,915	$ (105,362)	$ 33,700	$ 49,663
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation and amortization	143,303	125,877	66,407	45,918
Amortization of intangible lease premium	—	—	—	6,563
Impairment of flight equipment held for operating lease	6,066	—	—	—
Goodwill impairment	—	132,411	—	—
Provision for doubtful notes and accounts receivable	13,559	634	3,161	3,002
Capitalized interest on pre-delivery payments	(8,045)	(7,850)	(3,084)	(2,767)
Gain on disposal of assets	(12,216)	(21,311)	(24,906)	(2,645)
Mark-to-market of non-hedged derivatives	(90,367)	(22,708)	(11,783)	(19,028)
Deferred taxes	27,051	(1,799)	3,505	10,101
Changes in assets and liabilities:				
Trade receivables and notes receivable, net	82,358	16,842	59,023	9,846
Other assets	(11,407)	14,182	(18,101)	509
Accounts payable and accrued expenses, including accrued maintenance liability, lessee deposits	(47,031)	(42,059)	(909)	5,727
Deferred revenue	(16,572)	3,076	262	2,349
Net cash provided by operating activities	123,614	91,933	107,275	109,238
Purchase of flight equipment	(222,041)	(313,213)	(74,679)	(124,191)
Proceeds from sale/disposal of assets	8,091	16,379	91,863	12,718
Principle repayments from investments	6,132	9,821	—	—
Prepayments on flight equipment	(52,923)	(33,366)	(19,711)	(26,604)
Purchase of investments	—	(2,260)	(3,000)	—
Purchase of subsidiaries, net of cash acquired	—	5,769	—	(1,245,609)
Movement in restricted cash	(55,429)	98,389	20,052	(47,573)
Net cash (used in) provided by investing activities	(316,170)	(218,481)	14,525	(1,431,259)
Issuance of term debt	464,180	303,170	63,085	2,231,633
Repayment of term debt	(218,968)	(160,842)	(239,369)	(1,058,095)
Debt issuance costs paid	(7,311)	(5,782)	(772)	(38,066)
Issuance of partnership and equity interests, respectively	—	—	35,051	370,000
Net cash provided by (used in) financing activities	237,901	136,546	(142,005)	1,505,472
Net increase (decrease) in cash and cash equivalents	45,345	9,998	(20,205)	183,451
Effect of exchange rate changes	(198)	2,374	233	103
Cash and cash equivalents at beginning of period	86,121	131,268	143,640	—
Cash and cash equivalents at end of period	$ 131,268	$ 143,640	$ 123,668	$ 183,554
Supplemental cash flow information:				
Interest paid	$ 139,818	$ 124,210	$ 77,042	$ 54,980
Taxes (refunded) paid	506	1,734	55	(605)

Fair values of assets acquired and liabilities assumed in purchase acquisitions	Ancla *(Dollars in Thousands)*	AerCap B.V. *(Dollars in Thousands)*
Assets acquired	$ 139,114	$ 2,838,918
Liabilities assumed	(132,903)	(1,469,641)
Cash paid	$ 6,211	$ 1,369,277

The accompanying notes are an integral part of these consolidated financial statements.

AerCap Holdings C.V. and Subsidiaries

Consolidated Statements of Shareholders' Equity and Partners' Capital

For the Years Ended December 31, 2003 and 2004, the Six Months Ended June 30, 2005, and the Period from June 27 to December 31, 2005

AerCap B.V.	Number of shares	Share capital	Accumulated other comprehensive (loss) gain	Retained (loss) earnings	Total shareholders' equity
			(US dollars in thousands)		
Year ended December 31, 2003, as restated					
Balance at January 1, 2003	736,203	$ 333,780	$ (133,036)	$ (105,101)	$ 95,643
Restatement			133,036	(133,036)	—
Restated balance at January 1, 2003	**736,203**	**$ 333,780**	**$ —**	**$ (238,137)**	**$ 95,643**
Comprehensive income:					
Net loss for the year	—	$ —	$ —	$ 36,915	$ 36,915
Other comprehensive income	—	—	—		—
Comprehensive income	—	—	—		36,915
Balance at December 31, 2003	736,203	$ 333,780	$ —	$ (201,222)	$ 132,558
Year ended December 31, 2004, as restated					
Balance at January 1, 2004	736,203	333,780	—	(201,222)	132,558
Comprehensive income:					
Net loss for the year	—	$ —	$ —	$ (105,362)	$ (105,362)
Other comprehensive income:					
Minimum pension liability adjustment	—	—	(181)	—	(181)
Comprehensive income				—	(105,543)
Balance at December 31, 2004	736,203	$ 333,780	$ (181)	$ (306,584)	$ 27,015
Six months ended June 30, 2005					
Balance at January 1, 2005	736,203	$ 333,780	$ (181)	$ (306,584)	$ 27,015
Issuance of equity capital	63,797	35,051			35,051
Comprehensive income:					
Net income for the period	—	—	—	33,700	33,700
Other comprehensive income	—	—	—	—	—
Comprehensive income					33,700
Balance at June 30, 2005	800,000	$ 368,831	$ (181)	$ (272,884)	$ 95,766

AerCap Holdings C.V.	Partnership percentage	Partnership capital	Accumulated other comprehensive gain	Retained (loss) earnings	Total partners' capital
			(US dollars in thousands)		
Period from June 27 to December 31, 2005					
Balance at June 27, 2005	—	—	—	—	—
Partnership capital issued					
General Partner	1%	3,700	—	—	3,700
Limited Partners	99%	366,300	—	—	366,300
Comprehensive income:					
Net income for the period	—	—	—	49,663	49,663
Other comprehensive income	—	—	—	—	—
Comprehensive income					49,663
Balance at December 31, 2005	100%	$ 370,000	$ —	$ 49,663	$ 419,663
Partners' Capital allocable to:					
General Partner					$ 4,197
Limited Partners					$ 415,466

The accompanying notes are an integral part of these consolidated financial statements.

1. General

The Company

AerCap Holdings C.V. is a limited partnership ("*commanditaire vennootschap*") formed under the laws of The Netherlands. The consolidated financial statements include the accounts of AerCap Holdings C.V. and its subsidiaries (collectively, the "Company"). The Company is an operating lessor of commercial aircraft and also provides a wide range of aircraft management services to other owners of aircraft. The Company is headquartered in Amsterdam, The Netherlands, and has offices in Shannon, Ireland and Ft. Lauderdale, Florida. The Company's continuing operations are considered to operate in one reportable segment—leasing, financing and management of commercial aviation assets.

The Company was formed on June 27, 2005 for the purposes of acquiring the share capital, subordinated debt and senior debt of debis AirFinance B.V. ("AerCap B.V.") and continues as the successor entity. The Company was formed by four Luxembourg limited partners and one Luxembourg general partner. Ultimate ownership of the Luxembourg companies is held indirectly by a combination of investment funds managed by Cerberus Capital Management, L.P. (together, "Cerberus") and members of the senior management team of AerCap B.V. and subsidiaries.

Acquisition of AerCap B.V.

On June 30, 2005, Cerberus purchased all of the share capital of AerCap B.V. from DaimlerChrysler Coordination Center SCS, DaimlerChrysler Aerospace AG, Bayerische Landesbank Girozentrale, DZ BANK AG Deutsche-Zentral-Genossenschaftsbank, Dresdner Bank AG in Frankfurt am Main, HVB Banque Luxembourg Société Anonyme (collectively, the "Previous Shareholders") and Kreditanstalt für Wiederaufbau (collectively with the Previous Shareholders, the "Previous Shareholder Lenders"), as well as the rights and obligations of the Previous Shareholder Lenders under certain subordinated and senior debt instruments under which the Predecessor was obligated (the "Acquisition").

The Acquisition was effected through an all-cash payment of $1,291,493 to the Previous Shareholder Lenders. $1,000,000 of the purchase price was financed through a term loan from a syndicate of lenders and arranged by a US investment bank. The remainder was financed from partnership capital investments.

The Acquisition of AerCap B.V. by Cerberus and its affiliates is accounted for as a purchase in conformity with Statement of Financial Accounting Standards ("SFAS") No. 141, *Business Combinations*.

The sources and uses of funds in connection with the acquisition are summarized below:

Sources:		
Proceeds from secured term loan	$	1,000,000
Proceeds from partnership capital invested		370,000
Total sources		1,370,000
Uses:		
Payment to Previous Shareholder Lenders		(1,291,493)
Transaction costs		(42,733)
Additional equity contribution to AerCap B.V.		(35,051)
		(1,369,277)
Remaining cash	$	723

The Company has allocated the purchase price to the assets acquired and liabilities assumed as of the date of the acquisition as indicated in the table below:

	Fair Values Acquired	
Flight equipment held for operating lease	$	2,085,221
Prepayments on flight equipment		119,200
Intangible lease premium		45,134
Deferred tax asset		109,447
Cash and cash equivalents		123,668
Other		359,019
Total assets		2,841,689
Accrued maintenance liability		135,114(1)
Term debt		999,457
Other		337,841
Total liabilities		1,472,412
Cash paid	$	1,369,277

(1) represents the present value effect of the company's legal obligation to: (i) release supplemental rent collected to the lessor for maintenance incurred; and (ii) contribute to lessor maintenance obligations.

Acquisition of Ancla Ireland Limited

The Company acquired all the shares in an Irish incorporated company ("Ancla") which owned one aircraft under finance lease on October 18, 2004. The results of operations for Ancla are included

in our consolidated financial statements from the date of the acquisition. A summary of the fair value of assets acquired and liabilities assumed is as follows:

	Fair values acquired
Net investment in direct finance lease	$ 127,134
Cash	11,980
Total assets	139,114
Term debt	126,716
Deferred tax liability	6,187
Total liabilities	132,903
Cash paid	$ 6,211

Deconsolidation of AerCo

AerCo Limited ("AerCo") is a special-purpose limited liability company incorporated under the laws of Jersey. AerCo is a securitization vehicle financed through the issuance of five classes of notes, of which the Company had previously held the two most subordinated classes (D and E notes). As of December 31, 2005, AerCo owned 58 aircraft which it leases to customers worldwide. The Company provides cash management, administrative and remarketing services to AerCo for a fee. AerCo is a variable interest entity which was fully consolidated in the Company's accounts until March 31, 2003.

On March 31, 2003, the Company sold a portion of its interest in the AerCo E notes to an unrelated third party. In accordance with FIN 46, the Company determined that it was not the primary beneficiary of AerCo and deconsolidated its investment in AerCo with effect from March 31, 2003. At the time of the deconsolidation, Aerco's net equity value was ($36,666), which was $72,222 less than the fair value of our remaining D and E note interests in AerCo at the time of the deconsolidation. We recognized this difference of $72,222 as other revenue in our 2003 results when we deconsolidated AerCo. In 2005, the Company sold 80% of its investment in AerCo D notes for a price which was $4,626 in excess of the combined D and E note carrying value and recognized such excess as a gain on sale. The Company has fully provided for its remaining D and E note interest in AerCo and has no remaining balance sheet exposure to the vehicle.

In addition to the $72,222 gain on deconsolidation described above, the significant amounts of AerCo's results through March 2003 consolidated in the Company's Consolidated Income Statement for the year ended December 31, 2003 were as follows:

	2003
Total revenues	$ 34,157
Aircraft depreciation	14,460
Interest on term debt	19,274
Leasing expenses	1,862
Provision for doutful notes and accounts receivable	1,243
Selling, general and administrative expenses	1,830
Net loss	$ 4,512

As described below in the discussion of the hedge accounting restatement, the Company recorded a gain on deconsolidation of $72,222 which is recorded as other revenue in the 2003 income statement.

Risks and uncertainties

The Company is dependent upon the viability of the commercial aviation industry, which determines its ability to service existing and future operating leases of the Company's aircraft. Although the airline industry has recently experienced partial recovery from the downturn occurring after September 11, 2001, the airline industry remains exposed to historical highs in jet fuel prices, which has restricted improvements in airline financial strength. Overcapacity and high levels of competition in some geographical markets may create occasional unscheduled lease returns and possible supply surpluses, which may create pressure on rentals and aircraft values. The value of the Company's largest asset on its balance sheet—flight equipment held for operating leases—is subject to fluctuations in the values of commercial aircraft worldwide. A material decrease in aircraft values could have a downward effect on lease rentals and residual values and may require that the carrying value of aircraft be materially reduced.

The value of trade receivables, notes receivable, intangible lease premium assets and the accrual for onerous contracts are dependent upon the financial viability of related lessees, which is directly tied to the health of the commercial aviation market worldwide.

The Company has significant tax losses carried forward in some of its Irish subsidiaries, some of which are recognized as tax assets on the Company's balance sheets after application of partial valuation allowances. The recoverability of these assets is dependent upon the ability of those Irish entities to generate a certain level of income in the future. If those entities cannot generate such income, the Company will not realize the value of those tax assets and a corresponding valuation allowance and provision will be required.

The Company expects to fund a significant portion of its forward order delivery obligations (Note 8) through borrowings secured by the related aircraft. The unavailability to the Company of such secured borrowings at the time of delivery could have a material impact on the Company's ability to meet its obligations under the forward order contract. If the Company cannot meet its obligations

under such contract, it will not recover the value of prepayments on flight equipment on its balance sheets and may be subject to other contract breach damages.

The Company periodically performs reviews of its carrying values of aircraft and customer receivables, the recoverable value of deferred tax assets and the sufficiency of accruals and provisions, substantially all of which are sensitive to the above risks and uncertainties.

Accounting restatements

The Company has restated it previously issued financial statements to correct its accounting for the following items:

Lease revenue and leasing expenses—In the year ended December 31, 2004 the Company accounted for aircraft lessee supplemental maintenance rent amounts as revenue upon receipt and also recognized the same amount as a leasing expense related to the accrual of a maintenance liability. The Company has corrected its accounting for the year ended December 31, 2004 so that receipts of reimbursable lessee supplemental maintenance rent are recognized as an addition to the accrued maintenance liability upon receipt, and that unreimbursed maintenance-related receipts are recognized as revenue when the related lease terminates or when the Company is no longer liable under an existing contract for reimbursement of amounts received. The effect of the restatement has been to decrease the amount of revenue and expense recorded on the 2004 income statement each by $48,770. This correction had no effect on income taxes, net income or shareholders' equity.

Accounting for defeased liabilities—The Company is party to four sale-leaseback transactions originating in 1998-1999 covering four aircraft. In these transactions, the Company sold aircraft to lessors and leased them back under long-term capital leases. All but a small portion of the sale proceeds were placed back into the structure in interest-bearing instruments with the lenders to the lessors. The funds placed with the lender to the transaction are sufficient to fully offset the Company's minimum lease payments under the capital leaseback. In two of the transactions, none of the Company's obligations under the capital leases were legally defeased. In the other two transactions, only a portion of the Company's obligations were legally defeased. According to SFAS 140, only those liabilities which are legally defeased can be de-recognized from the Company's balance sheet. Accordingly, the Company has restated its balance sheet for December 31, 2004 to include capital lease obligations (term debt) and notes receivable both for an amount of $171,234. In addition, the income statement has been restated to include additional amounts of both interest revenue from the notes receivable and interest expense on the capitalized lease obligations of $8,707 for the year ended December 31, 2004 and $7,887 for the year ended December 31, 2003.

Since interest revenue and interest expense are the same amounts, the restatement did not have any effect on income taxes or on net income. The aircraft which are the subject of these transactions continue to be shown as flight equipment held for operating leases.

In the acquisition of Ancla, the Company acquired one aircraft under a finance lease which was financed by secured debt from a European bank. Payments to be received under the finance lease were sufficient to cover payments remaining under the secured debt. The Company separately accounted for revenue earned under the finance lease and interest expense accrued under the secured loan for the period from acquisition in 2004 to the termination of both the finance lease and the secured note in

early 2005, but netted the associated assets and liabilities. As the obligation under the secured loan was not legally defeased, the finance lease receivable and the secured loan obligation in the balance sheet at December 31, 2004 have been restated. The impact of the restatement at December 31, 2004 is an increase to finance lease receivable of $134,112, an increase to term debt of $137,249 and an increase to other assets (interest receivable) of $3,137. This correction had no effect on income taxes, net income or shareholders' equity.

Hedge Accounting—The Company uses derivative instruments as economic hedges to mitigate its exposure to interest rate risks. With few exceptions, it has always been the intention of the Company to designate such derivative instruments as "hedges" in accordance with FAS No. 133 "Accounting for Derivative instruments and Hedging Activities", as amended ("FAS 133"). Following the Company's comprehensive review of how it has applied FAS 133 to its derivative instrument activities, the Company determined that its hedge documentation at the inception of the hedge is not adequate to meet the requirements of FAS 133. Specifically, the Company's designation of the derivative as a hedge and its documentation of the hedge effectiveness do not contain evidence that such documentation was put in place concurrently with the purchase of the derivative. The accounting for all derivatives previously designated as hedges under FAS 133 has been restated to account for such instruments as non-hedged transactions. Accordingly, all changes in the fair values of derivatives previously designated as hedges, which had been recorded as part other comprehensive income (loss), have now been recognized in the income statements as interest on term debt, resulting in a decrease in interest on term debt expense of $19,913 and $18,752 in the years ended December 31, 2004 and 2003, respectively.

At the time of the deconsolidation of AerCo described above, the derivative liability in the accounts of AerCo was removed from the consolidated balance sheet. Because these derivatives had been accounted for as hedges, an equal amount of other comprehensive loss was removed at the deconsolidation. As a result of the restatement and the elimination of other comprehensive loss at the time of the deconsolidation, the removal of the derivative liability at deconsolidation creates a gain upon deconsolidation of $72,222. The gain has been classified in the 2003 income statement as other revenue.

The Company's derivative contracts are taxable in Ireland. There was no income tax effect on the restatement because we had established a full valuation allowance against the related and deferred assets. The effects of the restatement for hedge accounting on net income for the year ended December 31, 2004 and 2003 and on the accumulated deficit and other comprehensive income as of January 1, 2003, December 31, 2003 and December 31, 2004 are summarized as follows:

	2003	2004
Net income (loss)—as previously reported	$ (54,059)	$ (125,275)
Effect of restatement	90,974	19,913
Net income (loss) as restated	**$ 36,915**	**$ (105,362)**

	January 1, 2003	December 31, 2003	December 31, 2004
Accumulated deficit:			
As previously reported	$ (105,101)	$ (159,160)	$ (284,435)
Effect of restatement	(133,036)	(42,062)	(22,149)
As restated	$ (238,137)	$ (201,222)	$ (306,584)
Accumulated other comprehensive income:			
As previously reported	$ (133,036)	$ (42,062)	$ (22,300)
Effect of restatement	133,036	42,062	22,149
As restated	$ —	$ —	$ (181)

Debt issuance costs—The Company incorrectly classified $29,937 of debt issuance costs paid in connection with debt raised by Aircraft Lease Securitisation Limited ("ALS") as operating cash flow in its consolidated cash flow statement for the period from June 27, 2005 to December 31, 2005. The Company has restated the consolidated cash flow statement in that period to reflect the cash paid as a financing cash flow. There is no related impact on the balance sheet or income statement for the period.

Investments in direct finance leases—In the cash flow statement for the years ended 2003 and 2004 and the six months ended June 30, 2005 and the period from June 27, 2005 to December 31, 2005, the Company classified repayments from investments in direct finance leases in the amount of $45,081, $9,357, $1,552 and $914 respectively, as investing activities. The Company has restated the consolidated cash flow statement in these periods to reflect the repayments as operating cash flows.

Reclassifications

Gain on sale of assets—The Company has historically presented its gain on sale of assets, including sales of financial assets or other assets, on a net basis, with the net book value of the asset being sold and related direct selling costs netted against sales consideration as gain on sale of assets. AT has historically derived a significant portion of its revenue from trading, and as a result, presented its asset sales on a gross basis as sales revenue, with the net book value of the asset sold and the amount of direct selling costs recorded as costs of good sold. As a result of the acquisition of AT, effective January 1, 2006, the Company has retroactively reclassified its presentation of sales of aircraft and engines on a gross basis and included net gains on sales of financial or other assets in other revenue in its consolidated financial statements. The table below summarizes the effect of this change in the prior periods presented:

	Under previous presentation	Reclassification	Under current presentation
	Year ended December 31, 2003		
Sales revenue	$ —	$ 7,499	$ 7,499
Net gain on sale of assets	12,216	(12,216)	—
Other revenue	73,194	11,374	84,568
Cost of goods sold	—	6,657	6,657

	Year ended December 31, 2004		
Sales revenue	$ —	$ 32,050	$ 32,050
Net gain on sale of assets	21,311	(21,311)	—
Other revenue	5,414	6,253	13,667
Cost of goods sold	—	18,992	18,992
	Six months ended June 30, 2005		
Sales revenue	$ —	$ 79,574	$ 79,574
Net gain on sale of assets	24,906	(24,906)	—
Other revenue	496	2,963	3,459
Cost of goods sold	—	57,632	57,632
	June 27 to December 31, 2005		
Sales revenue	$ —	$ 12,489	$ 12,489
Net gain on sale of assets	2,645	(2,645)	—
Other revenue	276	730	1,006
Cost of goods sold	—	10,574	10,574

Depreciation and amortization—The Company has historically presented depreciation on assets other than aircraft within the selling, general and administrative expenses. In connection with the acquisition of AT, effective January 1, 2006, the company has retroactively reclassified its presentation of depreciation on aircraft, engines and other assets in depreciation and amortization. The table below summarizes the effect of this change in the prior periods presented:

	Under previous presentation	Reclassification	Under current presentation
	Year ended December 31, 2003		
Depreciation and amortization	$ —	$ 143,303	$ 143,303
Aircraft depreciation	142,573	(142,573)	—
Selling, general and administrative expenses	39,997	(730)	39,267
	Year ended December 31, 2004		
Depreciation and amortization	$ —	$ 125,877	$ 125,877
Aircraft depreciation	124,454	(124,454)	—
Selling, general and administrative expenses	37,872	(1,423)	36,449
	Six months ended June 30, 2005		
Depreciation and amortization	$ —	$ 66,407	$ 66,407
Aircraft depreciation	65,963	(65,963)	—
Selling, general and administrative expenses	20,003	(444)	19,559

	June 27 to December 31, 2005		
Depreciation and amortization	$ —	$ 45,918	$ 45,918
Aircraft depreciation	45,537	(45,537)	—
Selling, general and administrative expenses	27,330	(381)	26,949

2. Summary of significant accounting policies

Basis for presentation

The financial statements of the Company are presented in accordance with accounting principles generally accepted in the United States of America.

The Company consolidates all companies in which it has direct and indirect legal or effective control and all variable interest entities for which the Company is deemed the primary beneficiary under FIN 46R. All intercompany balances and transactions with consolidated subsidiaries have been eliminated. The results of consolidated entities are included from the effective date of control or, in the case of variable interest entities, from the date that the Company is or becomes the primary beneficiary. The results of subsidiaries sold or otherwise deconsolidated are excluded from the date that the Company ceases to control the subsidiary or, in the case of variable interest entities, when the Company ceases to be the primary beneficiary.

Other undertakings and joint ventures are accounted for under the equity method of accounting.

The consolidated financial statements are stated in United States dollars, which is the principal operating currency of the Company.

As a result of the Acquisition, the assets and liabilities of AerCap B.V. are stated at their fair values at the acquisition date. The consolidated financial statements of the predecessor reflect historical cost. The consolidated financial statements show both the predecessor accounts and successor accounts. Due to these different bases of accounting, predecessor and successor amounts are not directly comparable.

Use of estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. For the Company, the use of estimates is or could be a significant factor affecting the reported carrying values of flight equipment, goodwill, investments, trade and notes receivable, deferred tax assets and accruals and reserves. Management utilize professional appraisers and valuation experts, where possible, to support estimates, particularly with respect to flight equipment. Despite management's best efforts to accurately estimate such amounts, actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents include cash and highly liquid investments with an original maturity of three months or less.

Restricted cash

Restricted cash includes cash held by banks that is subject to withdrawal restrictions.

Trade receivables

Trade receivables represent unpaid, current lease obligations of lessees under existing lease contracts. Allowances are made for doubtful accounts where it is considered that there is a significant risk of non-recovery. The assessment of risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft, is stated at cost less accumulated depreciation and impairment. Costs incurred in the acquisition of aircraft or related leases are included in the cost of the flight equipment and depreciated over the useful life of the equipment. In instances where the purchase price includes additional consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated cost is amortized over the term of the related lease. The cost of improvements to flight equipment are normally expensed unless the improvement materially increases the long-term value of the flight equipment or extends the useful life of the flight equipment. In instances where the increased value benefits the existing lease, such capitalized cost is depreciated over the life of the lease. Otherwise, the capitalized cost is depreciated over the remaining useful life of the aircraft. Flight equipment acquired is depreciated over the assets' useful life, based on 25 years from the date of manufacture, using the straight-line method to the estimated residual value. The current estimates for residual (salvage) values for most aircraft types are 15% of original manufacture cost.

The estimates of useful lives are as follows:

Stage III Aircraft	20-25 years
Turboprop Aircraft	20 years

The Company applies Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "*Accounting for the Impairment or Disposal of Long-Lived Assets*", which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and requires that all long-lived assets be evaluated for impairment where circumstances indicate that the carrying amounts of such assets may not be recoverable. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value.

Fair value reflects the present value of cash expected to be received from the aircraft in the future, including its expected residual value discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar aircraft, appraisal data and industry trends. Residual (salvage) value assumptions generally reflect an aircraft's booked residual, except where more recent industry information indicates a different value is appropriate.

Net investment in direct finance leases

Net investment in direct finance leases consists of contracted lease receivables plus the expected residual value on lease termination date of equipment under finance lease less unearned income. Initial unearned income for newly acquired aircraft under finance lease is the amount by which the lease contract receivables plus the expected residual value exceeds the initial investment in the leased equipment at lease inception. In instances where the terms of a new aircraft lease agreement require the classification of the aircraft and related lease from a previous operating lease to a direct finance lease, initial unearned income under the finance lease is the difference between the lease contract receivable and the fair value of the equipment at the time of the new agreement. Unearned income is recognized as lease revenue over the lease term in a manner which produces a constant rate of return on the net investment in the finance lease.

Notes receivable

Notes receivable arise primarily from (i) the restructuring and deferring of trade receivables from lessees experiencing financial difficulties and (ii) the sale of aircraft to lessees where the Company finances a portion of the aircraft purchase price through an interest bearing note secured by a security interest in the aircraft sold. Allowances are made for doubtful accounts where there is a significant risk of non-recovery of the note receivable. The assessment of the risk of non-recovery is primarily based on the extent to which amounts outstanding exceed the value of security held, together with an assessment of the financial strength and condition of a debtor and the economic conditions persisting in the debtor's operating environment.

Capitalization of interest

The Company capitalizes interest related to progress payments made in respect of flight equipment on forward order and adds such amount to prepayments on flight equipment. The amount of interest capitalized is the actual interest costs incurred on funding specific to the progress payments or the amount of interest costs which could have been avoided in the absence of such progress payments.

Investments

The Company may hold debt and equity interests in third parties, including interests in asset securitization vehicles. In instances where those interests are in the form of debt securities or equity securities that have readily determinable fair values, the Company applies the provisions of FAS No. 115 "Accounting for Certain Investments in Debt and Equity Securities" and designates each security as either held to maturity, trading securities or available for sale securities.

The Company reports equity investments where the fair value is not readily determinable at cost, reduced for any other than temporary impairment.

The Company evaluates its investments in all debt and equity instruments regularly for other than temporary impairments in their carrying value and records a write-down to estimated fair market value as appropriate.

Derivative financial instruments

The company uses derivative financial instruments to manage its exposure to interest rate risks and foreign currency risks. Derivatives are accounted for in accordance with FAS 133.

All derivatives are recognized on the balance sheet at their fair value. Changes in fair values between periods are recognized as a reduction or increase of interest expense on the income statement.

Goodwill

Goodwill of the Predecessor represented the excess of the cost of acquisition of subsidiaries over the fair value of the identifiable net assets at the dates of acquisition. Goodwill is not amortized, but is tested for impairment annually or more often when events or circumstances indicate there may have been an impairment. Negative goodwill arising from acquisitions of subsidiaries is allocated as a pro-rata reduction of the amounts otherwise assignable to long term nonmonetary assets as required by Statement of Financial Accounting Standards No. 141.

Intangible lease premium/lease deficiency

In instances where the purchase of flight equipment or the allocated fair value in a business combination includes consideration which can be allocated to the value of an acquired lease containing above market terms, such allocated costs is recognized as an intangible lease premium asset and amortized on a straight-line basis over the term of the related lease as a reduction of lease revenue. Similarly, the Company recognizes a lease deficiency liability for lease contracts where the terms of the lease contract are unfavorable to market terms and amortizes the liability over the term of the related lease as an addition to lease revenue. The Company considers lease renewals on a lease by lease basis. The Company generally does not assume lease renewals in the determination of the lease premiums or deficiencies given a market participant would expect the lessee to renegotiate the lease on then market terms.

Deferred income taxes (assets and liabilities)

The Company reports deferred taxes of its taxable subsidiaries resulting from the temporary differences between the book values and the tax values of assets and liabilities using the liability method. The differences are calculated at nominal value using the enacted tax rate applicable at the time the temporary difference is expected to reverse. Deferred tax assets attributable to unutilized losses carried forward or other timing differences are reduced by a valuation allowance if it is more likely than not that such losses will not be utilized to offset future taxable income.

2. Summary of significant accounting policies (continued)

Other assets

Other assets consist of prepayments, debt issuance costs, interest and other receivables and other tangible fixed assets. Other tangible fixed assets consist of computer equipment, motor vehicles and office furniture and are valued at acquisition cost and depreciated at various rates between 16% to 33% per annum over the assets' useful lives using the straight-line method. Depreciation expense on other tangible fixed assets is recorded in selling, general and administrative expenses. The Company capitalizes costs incurred in arranging financing as debt issuance costs. Debt issuance costs are amortized to interest expense over the term of the related financing.

Accrued maintenance liability

Our lessees are responsible for maintenance and repairs of our flight equipment under lease. In some instances, the Company may incur maintenance and repair expenses for off-lease aircraft and in other instances for its obligation to contribute to the lessee at the time of scheduled maintenance. The Company recognizes leasing expenses for all such expenditures in its income statement when the Company has a legal obligation to make such payments.

In many aircraft operating lease and finance lease contracts, the lessee has the obligation to make a periodic payment of supplemental maintenance rent which is calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In most such contracts, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the aircraft, the Company reimburses the lessee for the maintenance, up to a maximum of the supplemental maintenance rental payments made with respect to such work. In other contracts, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at re-delivery. In addition, in both types of contracts, the Company may be obligated for maintenance related expenses (lessor contributions) on an aircraft during the term of the lease.

The Company records supplemental maintenance rent billed to the aircraft lessee in anticipation of future maintenance work and any lessor contribution obligations existing in current contracts as accrued maintenance liability. Amounts of accrued maintenance liability at the end of a lease and any amounts received as part of a redelivery adjustment are recorded as lease revenue at lease termination. At the beginning of each new lease, contractual lessor contribution obligations occurring during the lease are established as accrued maintenance liabilities with a corresponding charge to leasing expenses at that time. The Company regularly reviews the level of accrued maintenance liability to cover its contractual obligations in current lease contracts and makes adjustments as necessary. At the Acquisition, these liabilities were recorded at their discounted present value.

When flight equipment is sold which is subject to lease the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet as part of the gain or loss on sale of the flight equipment.

Accrual for onerous contracts

The Company makes an accrual for onerous contracts where the undiscounted costs of performing under a contract or series of related contracts exceed the undiscounted benefits expected to be derived from such contracts. In connection with a purchase business combination, accruals are recorded at the present value of such differences.

Revenue recognition

The Company, as lessor, leases flight equipment principally under operating leases and reports rental income ratably over the life of the lease as it is earned. The Company accounts for lease agreements that include step rent clauses on a straight line basis. Lease agreements for which base rent is based on floating interest rates are included in minimum lease payments based on the floating interest rate existing at the inception of the lease; any increases or decreases in lease payments that result from subsequent changes in the floating interest rate are contingent rentals and are recorded as increases or decreases in lease revenue in the period of the interest rate change. In certain cases, leases provide for rentals based on usage. The usage may be calculated based on hourly usage or on the number of cycles operated, depending on the lease contract. For past-due rentals on all leases, provisions are established on the basis of management's assessment of collectibility and to the extent such rentals exceed related security deposits held, and are recorded as expenses on the income statement.

Most of the Company's lease contracts require payment in advance. Rentals received, but unearned under these lease agreements are recorded as deferred revenue on the balance sheet.

Revenues from direct finance leases are recognized on the interest method to produce a level yield over the life of the finance lease. Expected unguaranteed residual values of leased assets are based on the Company's assessment of residual values and independent appraisals of the values of leased assets remaining at expiration of the lease terms.

Revenue from secured loans, notes receivables and other interest bearing instruments is recognized on an effective yield basis as interest accrues under the associated contracts. Revenues from aircraft trading transactions and lease commissions receivable from aircraft brokerage are recognized as income when the delivery of the relevant aircraft is completed and the risk of loss has transferred to the buyer. Revenue from lease management fees is recognized as income as it accrues over the life of the contract. Revenue from the receipt of lease termination penalties is recorded at the time cash is received or when the lease is terminated, if collection is reasonably assured. Our net gain on a sale of assets is primarily generated from the sale of our aircraft and financial instruments. The amount we recognize is the excess of sales proceeds over the carrying value of the related asset, less direct selling costs. For aircraft, carrying value is determined with reference to the gross book value of the aircraft, plus capitalized improvements, less accumulated depreciation, impairments and any other balance sheet position related to the aircraft or related lease contract, including accrued maintenance liability and deposit liabilities. The price we receive for our aircraft is largely dependent on the condition of the aircraft being sold, prevailing interest rates, airline market conditions and supply/demand balance for the type of aircraft we are selling. Because carrying values can vary from aircraft to aircraft even within the same type, sales of similar aircraft can result in materially different gains or losses. Our net gain on

sale of assets also includes any gains or losses we generate from the sale of aircraft related investments, such as our subordinated interests in securitization vehicles and notes, warrants or convertible securities issued by our lessees, which we receive from lessees as compensation for amounts owed to us in connection with lease restructurings.

Pensions

The Company operates a number of non-contributory defined benefit plans and defined contribution schemes for substantially all of its employees. Defined benefit plan obligations and contributions are determined periodically by qualified actuaries. The Company recognizes pension liabilities and prepaid pension costs in accordance with Statement of Financial Accounting Standard 87.

Foreign currencies

Foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at the time the transaction took place or at the rates of exchange under related forward contracts where such contracts exist. Subsequent receivables or payables resulting from such foreign currency transactions are translated into U.S. dollars at the exchange rate prevailing at each balance sheet date. All resulting exchange gains and losses are taken to the income statement.

Variable interest entities

The Company accounts for investment in variable interest entities in accordance with Revised Interpretation No. 46 ("FIN 46(R)"), *Consolidation of Variable Interest Entities* and its predecessor, Interpretation 46 ("FIN 46"), *Consolidation of Variable Interest Entities, an interpretation of ARB No. 51*. The Company adopted FIN 46 in January 2003 and FIN 46(R) in January 2005.

As further discussed in Note 14, the Company holds equity and subordinated debt investments in ALS. ALS is a variable interest entity and the Company, as the primary beneficiary under FIN 46(R), consolidates the accounts of ALS in its accounts.

Pro Forma Information Due to Change in Organizational Structure (unaudited)

In connection with an anticipated public offering, the assets and liabilities of the Company, including certain loans owed by AerCap B.V. (previously known as debis AirFinance B.V.) to the Company which were acquired from the Previous Shareholder Lenders will be purchased in a transaction under common control by AerCap Holdings N.V., which will be the offering entity. The Company is a non-taxable limited partnership. AerCap Holdings N.V. is a taxable limited liability company. In connection with the anticipated change in tax status, the prior shareholder loans owed by AerCap B.V. to the Company will be transferred to one of the Company's Irish subsidiaries. Interest income on these loans when owed to the Company was not taxable. After the transfer, the interest is expected to be taxable in Ireland at a rate of 12.5%. The pro forma adjustment to the Company's income tax provision is calculated with reference to the amounts outstanding under the loans to be transferred between July 1, 2005 and December 31, 2005 at an interest rate equal to a blended LIBOR rate of 4.39% at December 31, 2005 plus a weighted average spread on the loans of 1.34%. The pro

forma weighted average shares have been calculated assuming the incorporation of AerCap Holdings N.V. with 45,001 shares and giving effect to the 1738.6 to 1 stock split.

Although we will report additional taxable income in Ireland as a result of the transfer of the loans, we expect to have sufficient tax loss carryforwards in Ireland to absorb this additional income and do not expect to pay cash taxes in Ireland as a result of this loan transfer, but we will recognize income tax expense.

Earnings Per Share

Earnings per share is presented in accordance with Statement of Financial Accounting Standards No. 128, "*Earnings Per Share*" ("SFAS No. 128") which requires the presentation of "basic" earnings per share and "diluted" earnings per share. Basic earnings per share is computed by dividing income available to common shareholders by the weighted-average shares of common stock outstanding during the period. For the purposes of calculating diluted earnings per share, the denominator includes both the weighted average number of shares of common stock outstanding during the period and the weighted average number of potential common stock, such as stock options.

3. Restricted cash

Restricted cash consists of the following at December 31:

	2004	2005
Cash securing swaps and other similar hedging instruments	$ 20,420	$ 4,210
Cash received under lease agreements restricted per the terms of the relevant lease and cash securing the Company's obligations under term debt	23,948	100,850
Cash securing the Company's obligations under the LILO head leases (Note 15) and cash securing the guarantee of lease obligations/indebtedness of a LILO sublessee (Note 13)	71,297	49,710
Other	2,757	2,960
	$ 118,422	$ 157,730

Restricted cash securing the Company's obligations under term debt includes amounts related to the ALS securitization debt (Note 14), which requires that cash be placed in liquidity reserves.

4. Trade receivables, net of provisions.

Trade receivables consist of the following at December 31:

	2004	2005
Trade receivables	$ 29,081	$ 9,980
Allowance for doubtful accounts	(23,255)	(3,405)
	$ 5,826	$ 6,575

Trade receivables include amounts invoiced to lessees in respect of lease rentals and maintenance reserves.

The change in the allowance for doubtful trade receivable is set forth below:

	AerCap B.V.		AerCap Holdings C.V.
	Year ended December 31:		
	2004 (restated)	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005
Provision at beginning of period	$ 20,535	$ 23,255	$ —
Expense for doubtful accounts receivable	636	(5,906)	1,225
Reclassification to notes receivable allowance	—	(9,961)	—
Other (*)	2,084	(4,596)	2,180
Provision at the end of period	$ 23,255	$ 2,792	$ 3,405

(*) Other includes direct write offs and receipt of direct write offs.

5. Flight equipment held for operating leases, net

Movements in flight equipment held for operating leases during the periods presented were as follows:

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003	2004	Six months ended June 30, 2005	June 27 to December 31, 2005
Net book value at beginning of period	$ 3,476,501	$ 2,484,850	$ 2,748,347	$ —
Fair value of flight equipment acquired in Acquisition	—	—	—	2,085,221
Additions	279,583	406,406	93,244	157,104
Depreciation	(142,573)	(124,454)	(65,963)	(45,537)
Asset impairment	(6,066)	—	—	—
Reduction in aircraft value due to EBK settlement	(47,243)	—	—	—
Disposals	(6,564)	(8,784)	(52,783)	(7,521)
Deconsolidation of AerCo	(1,121,188)	—	—	—
Transfers to/from direct finance leases	52,400	(9,671)	(4,748)	—
Net book value at end of period	$ 2,484,850	$ 2,748,347	$ 2,718,097	$ 2,189,267
Accumulated depreciation/impairment at December 31, 2004 and 2005	—	$ (970,565)	—	$ (45,537)

At December 31, 2005 the Company owned 109 aircraft, which it leased under operating leases to 47 lessees in 35 countries. The geographic concentrations of leasing revenues are set out in Note 21.

In 1996, the Company acquired certain Fokker aircraft from DaimlerChrysler Aerospace A.G. ("DASA"). To provide some protection against deterioration in the value of these aircraft, DASA agreed to sell the aircraft at a price below the then current market value. As part of the original

agreement, the Company established an account titled "Erlösbeteiligungskonto" (EBK). An obligation of the Company arose under the EBK in instances where the Company was able to sell the subject aircraft at a gain and a reduction in the liability occurred when the Company sold the aircraft at a loss. Prior to settlement, the total amount of the EBK account also increased as a result of interest charges on the initial price reduction, adjusted for sales of the aircraft.

On June 30, 2003, the Company settled the EBK liability with DASA in consideration of a cash payment which was less than the carrying value at the time of the EBK liability. The difference between the cash payment and the settled liability was used to reduce the carrying value of the related aircraft to their estimated net realizable value. The Company has no remaining contractual obligation to DASA with respect to the EBK.

Prepayments on flight equipment (including related capitalized interest) of $18,564 and $32,914 have been applied against the purchase of aircraft during the six months ended June 30, 2005 and the period from June 27 to December 31, 2005. The amounts applied were $57,542 and $66,638, respectively for the years ended December 31, 2003 and 2004 (Note 8).

The Company's current operating lease agreements expire over the next eight years. The contracted minimum future lease payments receivable from lessees for equipment on non-cancelable operating leases at December 31, 2005 are as follows:

	Contracted minimum future lease receivables
2006	$ 329,202
2007	283,028
2008	232,319
2009	140,333
2010	79,691
Thereafter	56,032
	$ 1,120,605

The titles to certain aircraft leased in the United States are held by a U.S. trust company as required by U.S. law. The Company is the beneficial owner of these aircraft and the aircraft are recorded under flight equipment held for operating lease on the consolidated balance sheets. The trust company is administered by a bank. The aircraft are segregated from the bank's assets and will not be considered part of the bank's bankruptcy estate in the event of a trustee bankruptcy.

6. Net investment in direct finance leases

Net investment in direct finance leases consists of the following at December 31:

	2004 (restated)	2005
Gross finance lease rentals receivable	$ 152,298	$ 1,123
Unearned income	(11,283)	(51)
Net investment in direct finance leases	$ 141,015	$ 1,072

The significant decrease during 2005 in net finance lease receivables was due to the termination of the lease acquired with Ancla (Note 1). The entire amount of finance lease rentals receivable at December 31, 2005 is contracted to be received in 2006.

7. Notes receivable

Notes receivable consist of the following at December 31:

	2004 (restated)	2005
Secured notes receivable	$ 54,804	$ 4,146
Notes receivable in defeasance structures (Note 1)	171,234	146,772
Notes receivable from lessee restructurings	76,236	48,265
Allowance for doubtful accounts	(51,500)	(2,563)
	$ 250,774	$ 196,620

In the first half of 2005, the Company sold two aircraft which collateralized the secured notes and settled the loans for a cash payment from the borrower.

The minimum future receipts under notes receivable at December 31, 2005 are as follows:

	Minimum future notes receivable
2006	$ 21,355
2007	20,563
2008	59,084
2009	26,358
2010	136,732
Thereafter	18,248
	282,340
Purchase accounting adjustments	(83,157)
Allowance for doubtful accounts related to notes receivable	(2,563)
	$ 196,620

The change in the allowance for doubtful notes receivable is set forth below:

	AerCap B.V.		AerCap Holdings C.V.
	Year ended December 31:		
	2004	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005
Allowance for doubtful notes at beginning of period	$ 51,291	$ 51,500	$ —
Expense for doubtful notes receivable	(2)	9,066	1,777
Reclassification from trade receivable allowance	—	9,961	—
Other *	211	—	786
Allowance for doubtful notes at end of period	$ 51,500	$ 70,527	$ 2,563

* Other includes direct write offs and receipt of direct write offs.

8. Prepayments on flight equipment

In 1999, the Company signed a forward order contract with Airbus for the acquisition of up to 32 new aircraft between 2004 and 2009 ("1999 Forward Order"). Of that original order, one aircraft delivery was cancelled pursuant to cancellation rights granted by Airbus and 10 aircraft have been delivered through December 31, 2005. In January 2006, the Company exercised cancellation rights on a further six aircraft deliveries originally scheduled for delivery in 2008 and 2009, leaving 15 firm aircraft remaining under the contract to be delivered between 2006 and 2007. In connection with the 1999 Forward Order, the Company is required to make scheduled prepayments toward these future deliveries. A total of $3,084 and $2,767 was capitalized with respect to these payments for the six months ended June 30, 2005 and the period from June 27 to December 31, 2005, respectively and $8,045 and $7,850 for the years ended December 31, 2003 and 2004, respectively. As described in Note 15, because the contracted purchase prices of the aircraft at delivery are in excess of the anticipated fair market value of the aircraft at delivery, the Company has recognized an accrual for onerous contracts with respect to the forward order at the Acquisition.

In 2005, the Company, through a wholly-owned special purpose company ("AerVenture"), signed a letter of intent with Airbus for the forward purchase of 70 aircraft ("2005 Forward Order") and made an initial pre-delivery payment of $7,000. In January 2006, the Company sold 50% of the shares in AerVenture to an unrelated third-party and established a joint venture. As the joint venture agreement was not completed by the end of 2005, the $7,000 is recorded as pre-payments on flight equipment at December 31, 2005.

Following is a summary of the movements in prepayments on flight equipment during the years ended December 31, 2003 and 2004, the six months ended June 30, 2005 and the period from June 27 and December 31, 2005:

	Aercap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003	2004	Six months ended June 30, 2005	June 27 to December 31, 2005
Net book value at beginning of period	$ 157,198	$ 160,624	$ 135,202	$ —
Fair value of acquired prepayments	—	—	—	119,200
Prepayments made—1999 Forward Order	52,923	33,366	19,711	19,604
Prepayments made—2005 Forward Order	—	—	—	7,000
Prepayments applied against the purchase of flight equipment	(57,542)	(66,638)	(18,564)	(32,914)
Interest capitalized	8,045	7,850	3,084	2,767
Net book value at end of period	$ 160,624	$ 135,202	$ 139,433	$ 115,657

9. Investments

Investments consist of the following at December 31:

	2004	2005
Subordinated debt investment in single aircraft owning company	$ —	$ 3,000
Subordinated debt investment in securitization vehicle	21,866	—
	$ 21,866	$ 3,000

Our subordinated debt investment in a single aircraft owning company is accounted for at cost. At the time of deconsolidation of AerCo as referenced in Note 1, the net assets of AerCo on the Company's balance sheet were approximately equal to the fair value of the remaining variable interests in the vehicle and this amount was recorded as an investment on the balance sheet. During the first half of 2005, the Company sold the majority of its interest in AerCo to unrelated third parties and recognized a gain of $4,626 upon disposal, which is included in net gain on sale of assets on the income statement. At December 31, 2005, there is no value ascribed to the remaining interest in AerCo on the consolidated balance sheets of the Company.

10. Intangible lease premium

As a result of the acquisition accounting, an intangible lease premium asset of approximately $45,134 was recognized, which has amortized to $38,571 at December 31, 2005. This intangible asset represents lease rates for current lease contracts which are in excess of current market rentals for the applicable aircraft. The intangible asset amortizes over the remaining term of the related lease agreements as a non-cash reduction of lease revenue. The remaining weighted average amortization period for the intangible assets is 67 months.

Future amortization of the intangible lease premium asset over the terms of the related leases is as follows:

	Amortization of intangible lease premium
2006	$ 12,791
2007	10,637
2008	9,831
2009	3,516
2010	1,378
Thereafter	418
	$ 38,571

11. Derivative assets and liabilities

The Company uses a variety of derivative instruments to manage exposure to interest rate and foreign currency risk. These derivative products include interest rate swaps, options and forward contracts.

The change in fair value of the derivative is recorded in income from continuing operations before income taxes and minority interests.

During the periods indicated in the table below, the Company recorded the following in earnings as a reduction of interest expense on term debt with respect to derivatives:

AerCap B.V.			AerCap Holdings C.V.
Year ended December 31,			
2003 (restated)	2004 (restated)	Six months ended June 30 2005	June 27 to December 31, 2005
$ 18,752	$ 19,913	$ 11,592	$ 20,813

The Company's agreement with the interest rate swap counterparty requires a two-way cash collateralization of swap fair values. Note 3 indicates the amount of cash which has been put on deposit with the swap counterparty to collateralize swaps with a negative fair value.

The maximum length of time over which the Company is hedging its exposure to the variability in future cash flows for forecasted transactions, excluding those forecasted transactions related to the payment of variable interest on existing financial instruments, is 2012.

12. Other assets

Other assets consist of the following at December 31:

	2004	2005
Debt issuance costs	$ 11,908	$ 36,510
Other tangible fixed assets	2,904	2,431
Receivables from aircraft manufacturer	4,022	5,884
Prepaid expenses	909	2,711
Other receivables	7,212	3,885
	$ 26,955	$ 51,421

Amortization of debt issuance costs was $566 and $885 during the period from June 27 to December 31, 2005 and the six months ended June 30, 2005, respectively and was $360 and $835 during the years ended December 31, 2003 and 2004, respectively. The unamortized debt issuance costs at December 31, 2005 amortize annually from 2006 through 2017.

13. Accrued expenses and other liabilities

Accrued expenses and other liabilities consist of the following at December 31:

	2004	2005
Guarantee liability	$ 10,239	$ 18,798
Accrued expenses	14,070	31,294
Accrued interest	22,174	11,776
Lease deficiency	—	14,694
	$ 46,483	$ 76,562

Guarantee liability—In 1996, the Company terminated lease agreements with two head lessors covering 12 A320 aircraft under which it was obligated as head-lessee. In connection with this early termination, the Company assigned its rights as sublessor under sublease agreements covering the 12 aircraft to the respective head lessors.

In addition to the sublease assignments, the Company also issued guarantees to the head lessors covering the sublessee's obligations to the head lessors under the assigned subleases. The Company would be required to make payments under the guarantees if the sublessee were to default under the lease agreements with the head lessors. At December 31, 2005, the maximum amount which the Company could be required to pay is estimated at $33,500. The subleases and the Company's obligations under the guarantees expire between the years 2006 and 2012. As referenced in Note 3, the Company's potential obligations under the guarantees are secured by cash held in restricted bank accounts. This restricted cash is released back to the Company according to a set schedule as the sublessee fulfills its obligations under the leases.

The Company has recognized a liability equal to the estimated fair value of the guarantee since the time it became obligated for the guarantee as a result of a previous company acquisition. At the date of the Acquisition, the Company adjusted the fair value of the guarantee obligation in connection with the purchase accounting.

Lease deficiency—The lease deficiency represents lease rates for current lease contracts which are below current market rentals for the applicable aircraft, which was recognized as part of the purchase accounting. The lease deficiency amortizes over the remaining term of the related lease agreements as a non-cash increase in lease revenue. The remaining weighted average amortization period for the lease deficiency is 51 months.

14. Term debt

Term debt consists of the following as of December 31, 2004 and 2005:

	2004 (restated)	2005	Weighted average interest rate December 31, 2005	Maturity
ECA-guaranteed financings	$ 468,498	$ 570,950	4.99%	2006-2017
JOL financings	188,197	149,037	3.43	2006-2015
Commercial bank debt	271,611	335,583	6.72	2006-2019
ALS securitization debt (G1, G2, C and D classes)	—	946,047	5.36	2006-2016
Previous Shareholder Lender senior loans	1,516,400	—	—	—
Previous Shareholder Lender subordinated loans	350,650	—	—	—
U.S. capital markets debt	125,000	—	—	—
Capital lease obligations	23,902	24,606	8.49	2006-2014
Capital lease obligations under defeasance structures	171,234	146,772	5.38%	2006-2010
	$ 3,115,492	$ 2,172,995		

The weighted average interest rate in the table above includes the impact of related derivative instruments, regardless of whether such derivatives qualified for hedge accounting at the related periods.

Aggregate maturities of term debt and capital lease obligations during the next five years and thereafter are as follows:

	Term debt maturing
2006	$ 183,030
2007	192,925
2008	240,727
2009	197,109
2010	300,618
Thereafter	1,058,586
	$ 2,172,995

In March 2004, the Company closed a $1,645,000 secured refinancing with its Previous Shareholder Lenders ("Secured Refinancing"). The Secured Refinancing replaced a series of prior unsecured

financings from the Previous Shareholder Lenders with the same principal amount outstanding. The Secured Refinancing is accounted for as a troubled debt restructuring in accordance with FAS 15. The Secured Refinancing extends the maturity of several tranches of prior financings and requires no principal repayments or financial covenant performance until 2006. The spread over LIBOR for the Secured Refinancing was increased over that of the prior unsecured financings. No gain has been recognized in connection with the debt restructuring. Direct costs incurred to effect the troubled debt restructuring have been expensed in 2003 as restructuring expenses (Note 27). Amounts due under the Secured Refinancing are eliminated in consolidation in the accounts of AerCap Holdings C.V..

In April 2003, the Company entered into an $840,000 export credit facility ("ECA Facility") for the financing of up to 20 A320 Airbus Family aircraft up to December 31, 2005. Funding under the facility is provided by commercial banks, but the repayment is guaranteed by European export credit agencies ("ECAs"). In January 2006, the ECA Facility was amended and extended to cover an additional nine aircraft and its size increased to a maximum of $1,215,000 for a further three years. The terms of the lending commitment in the ECA Facility are such that the ECAs only approve funding for aircraft that are due for delivery on a six-month rolling basis and have no obligation to fund deliveries beyond that time frame. The margin over three-month Libor ranges from 0.25% for aircraft delivered under the original facility and 0.12% for those aircraft delivered subsequently to the January 2006 amendment. The Company is obligated to repay principal on ECA loans over a 12-year term.

At December 31, 2005, the Company had financed 13 aircraft under the ECA Facility, plus four aircraft under ECA financings prior to the April 2003 facility agreement. The net book value of aircraft pledged to the ECAs under the ECA Facility and the previous ECA loans was $592,510 and $593,619 at December 31, 2004 and 2005, respectively.

The Company has entered into several Japanese operating lease ("JOL") finance structures to finance aircraft acquisitions. Funding under these structures is provided through a combination of senior commercial bank debt and subordinated loans from Japanese investors. The interest rate on the subordinated loans is fixed and the interest rate on the senior loans are variable based on three- and six-month LIBOR with spreads ranging from 0.25% to 1.35%. At December 31, 2005, the Company had financed four aircraft under JOL structures. The net book four value of aircraft pledged to JOL financings was $151,910 and $126,214 at December 31, 2004 and 2005, respectively.

The security structures of the ECA-guaranteed debt and JOLs require that legal title to the aircraft be transferred to and held by a special purpose company controlled by the respective lenders. The Company has entered into head lease agreements on the subject aircraft which transfer the risk and rewards of ownership of the aircraft to the Company. Aircraft subject to these structures are recorded as flight equipment held for operating lease on the balance sheets. The obligations outstanding under both ECA and JOL financings are secured by a pledge of the shares of the company which holds legal title to the aircraft financed under the facility. Each subsidiary's obligations under the financings are guaranteed by the Company.

The Company has entered into various commercial bank financings to fund the purchase of aircraft. The financings mature at various dates through 2019. The interest rates are a mix of one-, three- and six-month LIBOR-based with spreads ranging from 0.95% to 1.80%. The financings are secured by a pledge of the shares of the subsidiaries owning the related aircraft and a guarantee from

the Company. The net book value of aircraft and finance lease receivables pledged to commercial bank financings was $315,888 and $384,527 at December 31, 2004 and 2005, respectively.

Most of the Company's financings contain affirmative covenants customary for secured financings, such as the regular provision of financial information and disclosure of material events affecting the Company, among others. The ECA Facility contains certain net worth financial covenants, a breach of which would cause the Company to lose some of its operational flexibility under its leases, such as a requirement to grant pledges over certain bank accounts to the respective lenders. In addition, all loans under the ECA Facility, the JOL loans and two other financings contain change of control provisions that grant the lenders the right to prepayment of their loans in the event of a change of control, unless the lenders consent to the change of control. At the Acquisition, two of the subordinated JOL lenders did not consent and the Company repaid its obligations under those loans. Another two of the subordinated JOL lenders have not consented to the change of control and have reserved the right in the future to call the loans, which totaled $17,452 at December 31, 2005. Another of the JOL subordinated lenders consented to the change of control subject to a restructuring of certain terms of the debt and related security. Such restructuring has been finalized. All other lenders to the Company, where required, have given their consent to the Acquisition, and the senior JOL loans related to the two JOLs where the subordinated lenders called the loan have been refinanced with the same senior lenders and on similar terms as before the Acquisition.

ALS is a special purpose company incorporated with limited liability in Jersey, Channel Islands, on August 10, 2005. The share capital of ALS is owned 95% by Jersey charitable trusts and 5% by AerCap Ireland. ALS was formed for the purpose of raising securitized debt financing on 42 of the Company's aircraft which were not then subject to other secured financings. On September 15, 2005, ALS issued five subclasses (G-1A, G-2A, C-1, D-1 and E-1) of securitized notes secured by the 42 aircraft. The class G-1A, class G-2A and class C notes and a portion of the class D notes were issued to public investors for cash. The remaining class D and E notes are held by the Company. The net book value of aircraft pledged as collateral for the securitization debt was $973,385 at December 31, 2005.

ALS is bankruptcy-remote from the Company and the lenders to ALS may only look to proceeds derived from the 42 ALS aircraft for repayment. The indenture agreement, which governs the securitized notes, require that ALS hold a designated amount of cash aside in restricted accounts for future cash flow requirements of ALS. All cash held by ALS is recorded as restricted cash on the Company's balance sheets. The indenture also requires ALS to comply with a number of general and operating covenants including, but not limited to the following:

- Limitations on aircraft modifications, acquisition and disposals.
- Limitation on transactions with the Company and its affiliates.
- Maintenance of separate existence.
- Compliance with concentration limits with regard to financial strength, regional location and specific country of lessees.

The Company's obligations under capital leases are secured by five aircraft which have a net book value of $220,580 and $160,276 at December 31, 2004 and 2005, respectively. Depreciation of $16,391 and $10,313 has been charged on these assets during each of the years ended December 31, 2003 and

2004, and $5,158 and $3,693 during the six months ended June 30, 2005 and the period from June 27 to December 31, 2005, respectively. The future minimum lease payments under the capital leases, together with the scheduled return of principal amounts in related defeased structures are as follows:

	Rental commitments	Defeased notes receivable	Net rental commitments
2006	$ 15,578	$ 11,844	$ 3,734
2007	15,789	12,055	3,734
2008	50,398	47,466	2,932
2009	11,058	7,324	3,734
2010	113,765	109,228	4,537
Thereafter	13,069	—	13,069
	219,657	187,917	31,740
Less amount representing interest	(48,279)	(41,145)	(7,134)
Present value of minimum payments	$ 171,378	$ 146,772	$ 24,606

At December 31, 2005, the Company had also issued letters of credit in an amount of $51,000 in support of certain obligations. All issued letters of credit are fully cash collateralized with restricted cash. In addition, at December 31, 2005, the Company had an on-demand overdraft facility of $10,000, which was undrawn.

15. Accrual for onerous contracts

Accrual for onerous contracts consist of the following items, which are described below at December 31:

	2004	2005
Lease-in, lease-out transactions	$ 87,097	$ 86,148
1999 Forward Order	—	66,486
	$ 87,097	$ 152,634

Lease-in, Lease-out transactions—The Company leases in 11 aircraft from several different lessors under operating head leases that mature between 2008 and 2012. The Company has entered into sublease agreements with several different customers covering these same 11 aircraft. In all cases, the lease termination dates of the subleases are matched to the lease termination dates under the head leases. The contracted sublease receipts, however, are insufficient to cover the Company's monthly obligations under the head leases. These transactions are recorded at their net present value as a result of purchase accounting.

The Company has established a liability equal to the difference between the present value of head lease expenses and the present value of sublease revenue, discounted at appropriate discount rates. The amount of this liability amortizes to income monthly on a constant yield basis as the Company meets its obligations under the head leases.

(US dollars in thousands)

15. Accrual for onerous contracts (continued)

Following is a summary of the undiscounted contracted minimum lease payments under the respective head leases and subleases:

	Head lease payments	Sublease receipts
2006	$ 38,843	$ 23,748
2007	39,129	23,748
2008	34,640	20,368
2009	28,339	15,858
2010	25,652	15,708
Thereafter	46,656	26,281
	$ 213,259	$ 125,711

As referenced in Note 3, the Company is required, in some instances, to maintain deposits in restricted accounts or to cash-back letters of credit which are security to the respective headlessors for the Company's obligations under the LILO transactions.

Forward order contract—As indicated in Note 8, the Company is committed for the purchase of 15 firm aircraft under the 1999 Forward Order contract for delivery between 2006 and 2007. The purchase price of these aircraft will be determined at the date of delivery. The final price depends upon the specification of the aircraft and the level of escalation applied to the contracted price which is dependent upon economic indices. An amount of $106,220, exclusive of capitalized interest, is prepaid in respect of delivery of these aircraft at December 31, 2005. Because the contracted purchase prices of the aircraft at delivery are in excess of the anticipated fair market value of the aircraft at delivery, the Company has recognized an accrual for onerous contracts with respect to the forward order. The accrual was recognized at the date of the Acquisition as the excess of the net present value of costs to be incurred under the contract over the estimated fair value of the aircraft at delivery.

16. Deferred revenue

Deferred revenue consists of lease rentals billed in advance of their due dates and unearned income from sale-leaseback transactions, which was deferred and was being amortized on a straight-line basis until the Acquisition, when it was written off through the purchase accounting adjustments as follows:

	2004	2005
Lease rentals billed in advance	$ 18,625	$ 22,009
Unearned income sale-leaseback transactions	7,457	—
	$ 26,082	$ 22,009

17. Income taxes

The Company has subsidiaries in a number of tax jurisdictions, principally, The Netherlands, Ireland and the United States of America. Income tax expense by tax jurisdiction is summarized below for the periods indicated.

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003 (restated)	2004 (restated)	Six months ended June 30, 2005	June 27 to December 31, 2005
Deferred tax expense (benefit)				
The Netherlands	$ 47,983	$ (11,825)	$ 705	$ 9,802
Ireland	(17,275)	11,504	3,190	890
United States of America	(3,447)	—	—	—
Other	921	495	324	(83)
	28,182	174	4,219	10,609
Current tax (benefit) expense				
United States of America	40	(6)	(92)	(39)
Income tax expense	$ 28,222	$ 168	$ 4,127	$ 10,570

Reconciliation of statutory income tax expense to actual income tax expense is as follows:

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003 (restated)	2004 (restated)	Six months ended June 30, 2005	June 27 to December 31, 2005
Income tax expense (benefit) at statutory income tax rate	$ 22,472	$ (31,559)	$ 11,197	$ —
Increase (reduction) in tax resulting from:				
Tax exempt income (expense)	—	39,724	—	—
Settlement liquidation debis AirFinance Holdings Ltd	42,981	—	—	—
Tax on global activities	(37,231)	(7,997)	(7,070)	10,570
	5,750	31,727	(7,070)	10,570
Actual income tax expense (benefit)	$ 28,222	$ 168	$ 4,127	$ 10,570

The Company is a tax-transparent partnership and is not obligated to file a tax return. The taxable results of the Company flow through to the partners and the partners are responsible to tax account for the flow through results. The calculation of income for tax purposes differs significantly from book income. Deferred income tax is provided to reflect the impact of temporary differences between the amounts of assets and liabilities for financial reporting purposes and such amounts as measured under tax law in the various jurisdictions.

Tax loss carryforwards and accelerated tax depreciation on flight equipment held for operating leases give rise to the most significant timing differences. In addition, the U.S. subsidiaries have significant timing difference in respect of payments and receipts under the LILOs described in note 15 and timing differences with respect to capitalized expenses.

The following tables describe the principal components of the Company's deferred tax assets and liabilities by jurisdiction at December 31, 2004 and 2005.

	December 31, 2004 (restated)		
	The Netherlands	Ireland	U.S.
Depreciation/Impairment	$ 107,275	$ 56,505	$ 522
Lessee receivables	—	—	7,892
Obligations under capital leases and debt obligations	—	(8,455)	(4,417)
Lease-in obligations	—	—	(29,607)
Investments		(9,767)	
Capitalized expenses	—	—	(3,367)
Losses and credits forward	(47,726)	(78,878)	(18,730)
Derivatives	—	(2,871)	—
Other	—	2,837	(3,962)
Valuation allowance on tax assets	—	23,199	51,669
Net deferred tax liability (asset)	$ 59,549	$ (17,430)	$ —

	December 31, 2005		
	The Netherlands	Ireland	U.S.
Depreciation/Impairment	$ (57,608)	$ (155)	$ (1,566)
Prepayments on flight equipment	(4,297)	—	—
Lease premium asset	9,131	1,017	—
Lessee receivables	—	—	8,130
Loss-making contracts	(21,401)	—	(29,068)
Obligations under capital leases and debt obligations	—	(8,136)	—
Capitalized expenses	—	—	(1,229)
Investments	39,827	(2,500)	—
Losses and credits forward	(22,072)	(50,925)	(5,616)
Other	1,953	(1,611)	(4,823)
Valuation allowance on tax assets	—	17,431	34,172
Net deferred tax (asset) liability	$ (54,467)	$ (44,879)	$ —

The change in the valuation allowance for the deferred tax asset has been as follows:

	AerCap B.V.		AerCap Holdings C.V.
	Year ended December 31:		
	2004 (restated)	Six months ended June 30, 2005	June 27, 2005 to December 31, 2005
Valuation allowance at beginning of period	$ 76,992	$ 74,868	$ 55,309
Deduction to income tax provision	(16,232)	(19,559)	(3,706)
Increase to income tax provision	14,108	—	—
Valuation allowance at end of period	$ 74,868	$ 55,309	$ 51,603

The Netherlands

The majority of the Company's Netherlands subsidiaries are part of a single Netherlands fiscal unity and are included in a consolidated tax filing. Due to the existence of losses forward and accelerated tax depreciation, no current tax expense arises with respect to the Netherlands subsidiaries. Deferred income tax is calculated using the Netherlands corporate income tax rate legislated to be in effect when the temporary differences reverse of 30.0%.

Ireland

The Company's aircraft owning and principal operating Irish resident subsidiaries enjoyed the benefit of a 10% rate of corporate tax on qualifying trading activities until December 31, 2005. After December 2005, the enacted tax rate is 12.5%. Each Irish subsidiary has to make its own tax filing. Consequently, deferred tax assets and liabilities are evaluated at the single company level and are not netted together. Some of the Irish entities have significant losses forward at December 31, 2005 which give rise to deferred tax assets. The availability of these losses does not expire with time. Accordingly, no Irish tax charge arose during the year. Based on projected taxable profits in the Irish subsidiaries, the Company believes that it is more likely than not that some portion of the deferred tax assets will not be realized without replacement by equivalent debit balances. The Company has accordingly created a valuation allowance to reduce the assets to their recoverable amounts.

United States of America

The Company's U.S. subsidiaries are assessable to federal and state U.S. taxes. As the U.S. Company has significant timing differences available to offset future federal taxable profits, no current tax charge arises in the periods presented.

Following a change of ownership of the U.S. Company in November 2000, and the recent change of control at the Acquisition, certain restrictions, under Section 382 of the IRS tax code, are imposed on the utilization of the net losses in existence at those dates and no value has been recognized for these losses occurring prior to these changes of control. As of December 31, 2005, approximately $6,000 of net losses occurring subsequent to the Acquisition exist, which will begin to expire in 2025. Based on current projections of taxable income in the U.S., however, the realizability of any portion of these deferred tax assets is unlikely and a valuation reserve has been established to cover the entire amount.

18. Shareholders' Equity

Prior to the Acquisition, the Predecessor's authorized share capital amounted to €363.0 million and was divided into 800,000 ordinary shares with a par value of €453.78 each.

Immediately prior to the Acquisition, the share ownership of the Predecessor was as follows:

	Shares	Percentage
DaimlerChrysler Services AG	257,671	35%
DaimlerChrysler Aerospace AG	73,621	10
Bayerische Landesbank Girozentrale*	110,430	15
Deutsche-Zentral-Genossenschaftsbank	73,621	10
Dresdner Bank AG	110,430	15
HypoVereinsbank AG	110,430	15
	736,203	100%

* Through BLB Beteiligungsgesellschaft BETA mbH

At the Acquisition, an amount of €28.9 million was contributed as additional equity capital from Cerberus to acquire an additional 63,797 shares, being the remaining authorised but as yet unissued share capital of the Predecessor.

19. Partners' capital

AerCap Holdings C.V. is a limited partnership. The registered seat of the limited partnership is in Schiphol, the Netherlands. The limited partnership consists of one general partner and four limited partners. Each partner has one vote. Partnership capital at December 31, 2005 is as follows:

	Partnership Interest	Contributions
General Partner:		
FERN GP S.à. r.l.	1.00%	$ 3,700
Limited Partners:		
FERN S.à. r.l.	24.75	91,575
FERN II S.à. r.l.	24.75	91,575
FERN III S.à. r.l.	24.75	91,575
FERN IV S.à. r.l.	24.75	91,575
	100.00%	$ 370,000

All partners are companies incorporated under the laws of Luxembourg. The partnership is entered into for an indefinite period.

The partners are not entitled to interest on their contributions. The profits and losses of the limited partnership are allocated to the partners based on the net income calculated in accordance with generally accepted accounting principles in The Netherlands. Annually, the profits of the limited partnership will be allocated to restore debits resulting from losses incurred by the limited partnership in previous financial years and that are not restored with profits and/or retained earnings in previous financial years. Remaining profits will be placed at the disposal and use of the limited partnership as retained earnings. Retained earnings may be distributed to the partners only pursuant to a unanimous written resolution of all partners and pro-rata to their respective interests in the limited partnership. Losses of the limited partnership shall first be set off against retained earnings. The addition of

additional partners, the withdrawal of existing partners, the transfer of partnership interests, the pledging of partnership interests by a partner and any additional partnership contributions by any partner are subject to prior written consent of all partners.

The general partner is the legal owner of the assets of the limited partnership in its capacity as general partner and for the benefit and risk of the limited partnership. The management of the limited partnership and its assets, including the disposal of and the granting of security rights in connection with those assets, is vested exclusively in the general partner.

The limited partners shall not participate in, or be liable for, losses of the limited partnership in excess of the value of their respective contributions.

20. Share-based compensation

Effective June 30, 2005, Cerberus put into place an Equity Incentive Plan ("Equity Plan") under which members of the Company's senior management, Board of Directors and a consultant (the "participants") can be granted either restricted shares or share options ("Equity Grants") in holding companies which indirectly own 100% of the equity interests in the Company. The holding companies from which the restricted shares and share options have been granted are each identical in their capital structure (95% preferred shares and 5% common shares) and each have an equal percentage indirect ownership interest in the Company, representing 100% of the ownership interests in the Company in aggregate. The holding companies do not own any other significant assets or conduct any other significant activities outside of their indirect investment in the Company and the value of the holding companies is derived exclusively with reference to the value of the Company. Share options vest during the period June 2005 and December 2009 ("Vesting Period"). Vesting of 40% of the share options is dependent upon the option holders remaining employed by the Company. Vesting of another 40% of the share options are dependent upon the Company meeting specified performance targets, tied primarily to achieving net income targets. Twenty percent of the share options vested immediately upon grant. Restrictions on the restricted shares lapse over the same Vesting Period (2005-2009) and according to the same criteria. All share options vest and all restrictions on restricted shares, other than restrictions described below, lapse for all participants upon a change of control of the Company.

In addition to formal vesting restrictions, the Shareholders Agreement, which all participants in the Equity Plan must sign, imposes restrictions on the ability of participants to obtain fair value for their equity interests until there has been either (i) a Change of Control, (ii) a death or disability event of the participants, (iii) the participant is terminated by the Company without cause, or (iv) the participant terminates employment with a good reason (as defined in the Equity Grant documentation). The Equity Plan dictates that if a participant voluntarily terminates his employment with the Company without good reason at any time or the Company terminates the employment of the participant for cause, Cerberus has the right to repurchase the restricted shares or shares acquired through the previous exercise of share options for the original purchase price (in the case of restricted shares) or the exercise price (in the case of share options), both of which prices are nil.

The Company applies the provisions of FAS 123R, "*Share-based payment*" in accounting for the Equity Grants. Accordingly, the Company has determined the fair value of the Equity Grants at the date of grant in December 2005 according to the fair value method. The value of the restricted shares and share options granted in the holding companies were determined by the Company. The Company

determined the value of the holding companies' shares (split between preferred shares with a 10% dividend and common shares) based on the transaction price for the Acquisition occurring on June 30, 2005, which was an arms-length transaction among unrelated parties. Between the date of the Acquisition and the date of grant in December 2005, there were no significant events which altered the underlying value of the Company. The total valuation was then allocated between preferred shares in the holding companies and the common shares in the holding companies by considering the appropriateness of the preferred dividend. The appropriateness of the 10% dividend yield on the preferred shares was established by comparing the dividend yield of the preferred shares to yields for other financial instruments with similar characteristics. Due to the significant leverage in the capital structure of the holding companies owing to the abundance of preferred shares, the Company prepared several scenarios of a Black Scholes model in order to allocate the total value between the preferred and common shares. Significant variables used in the option pricing model included expected maturities of 4 and 5 years, volatility measures of 20%, 25% and 30% based on volatilities of comparable companies at the time of the valuation and a risk-free rate of 4.18%. Based on this analysis, the Company determined that the value of the common shares in the holding companies was $40,000. This value was then reduced by a 20% minority interest discount to arrive at a total value for all common shares in the holding companies of $32,000. The type of Equity Grants issued under the Equity Plan, the applicable vesting/lapse of restrictions as of December 31, 2005 and the related fair values are summarized in the table below:

	Stock Options	Restricted Shares
Percentage of indirect common stock interest granted between June 27 and December 31, 2005	3.55%	6.20%
Percentage of common stock interest which either vested (for stock options) or where restrictions lapsed (for restricted shares) between June 27 and December 31, 2005	0.71%	1.24%
Percentage of common stock interests subject to stock options which were exercised between June 27 and December 31, 2005	0.71%	—
Fair value at grant date of unexercised options (vested and non-vested) as at December 31, 2005	$ 909	—
Fair value at grant date of restricted shares as at December 31, 2005	—	$ 2,371

The Company recognizes expense associated with the share grants when it becomes probable that the participants will be able to achieve fair value for their equity grants. As described above, restrictions imposed on vested shares prevent the participants from receiving fair market value in certain circumstances. Once it becomes probable that a participant will be able to realize fair market value, the Company recognizes compensation expense equal to the number of shares which have vested (i.e. no longer subject to forfeiture nor repurchase right at other than fair market value) multiplied by the fair value of the related shares as measured at the grant date (for employees) or at the current fair market value of the shares (for the consultant). As all awards are still subject to repurchase rights as of December 31, 2005, no shares are considered to have vested and as such no share-based compensation expense has been recognized in the income statements through the end of December 31, 2005. In the event of a public offering of the Company's shares, all shares and share options under the Equity Plan vest, but the Participants are subject to a two-year lock-up restriction which restricts them from selling

their shares in the market. At the expiration of the the lock-up period, the shares held by the participants are no longer subject to repurchase.

21. Lease revenue

The distribution of revenue by geographic regions is as follows for the periods indicated:

	Year ended December 31,			
	2003	2004 (restated)	Six months ended June 30, 2005	June 27 to December 31, 2005
Europe	33%	36%	33%	33%
Asia/Pacific	34	35	43	44
Latin America	12	7	6	5
North America and Caribbean	18	21	18	18
Africa/Middle East	3	1	—	—
	100%	100%	100%	100%

No customer accounted for more than 10% of revenues in the years ended December 31, 2003 and 2004 the six months ended June 30, 2005 or the period from June 27 to December 31, 2005.

22. Aircraft impairment

The impairment charge of $6,066 in 2003 resulted from the repossession of two aircraft from a bankrupt carrier in 2003. In accordance with SFAS 144, the Company impaired the aircraft to its fair value less selling costs as a long-lived asset held for sale. These aircraft were sold subsequently in 2003 for an amount equalling their impaired value.

23. Goodwill impairment

The Company recorded an impairment of all existing goodwill $132,411 as a result of its annual goodwill impairment test in 2004. The valuation of the Company's single reporting unit was calculated through a discounted cash flow approach and considered all then-existing assets and liabilities of the Company. In years prior to 2004, the Company's ability to grow and make additional aviation investments was primarily controlled by the Previous Shareholder Lenders. The Company's strategic growth plans were based on an assumed easing of operational restrictions placed on the Company through its loans with the Previous Shareholder Lenders and an infusion of equity capital. The Company was not able to achieve such measures in 2004 and reforecasted its estimated cash flows, which were substantially less than the projected cashflows in previous years. Further, the Company became aware that the Previous Shareholder Lenders intended to sell the Company for a price below its book equity value.

24. Impairment on investment

During 2004, the Company accepted common shares in one of its lessees in lieu of cash in satisfaction of the lessee's obligation for security deposits under the related leases. At the time of receipt of the shares, the Company recorded the fair value of the shares as investment on the balance sheet. Later in 2004, due to liquidity problems and financial uncertainty of the lessee, the Company

recorded an impairment charge on the entire carrying amount of the investment in recognition of a permanent impairment in value of the shares.

25. Selling, general and administrative expenses

Selling, general and administrative expenses include the following expenses:

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003	2004	Six months ended June 30, 2005	June 27 to December 31, 2005
Personnel expenses	$ 17,494	$ 17,678	$ 9,360	$ 13,417
Travel expenses	2,428	3,381	1,277	1,270
Professional services	13,450	9,488	4,702	6,662
Office expenses	3,413	3,865	1,474	1,571
Other expenses	2,482	2,037	2,746	4,029
	$ 39,267	$ 36,449	$ 19,559	$ 26,949

The Company had 114 persons and 100 persons in employment as at December 31, 2004 and 2005, respectively.

26. Restructuring expenses

During the latter half of 2003, the Company was in negotiations with its bank group to refinance its senior unsecured debt facility in a troubled debt restructuring. In the restructuring, the Company's lenders agreed to amend the term of the facility, which included several loans with approaching, fixed maturities, to an amortizing loan with a final maturity of March 2015. In addition, the lenders agreed to a principal holiday for two years from the inception of the loan and an interest rate on the loan which was below market terms for similar-termed debt. Other than required principal and interest payments, there was no contingent payments required under the new facility. Because the total principal balance of the refinanced loan was equal to the principal balance of the loans which were refinanced, there was no effect on the Company's earnings of the restructuring. As a result of this restructuring, the Company incurred substantial costs for legal and professional fees, as well as refinancing fees, which were classified as restructuring expenses.

27. Earnings per common share

Basic and diluted earnings per share (EPS) were calculated for the years ended December 31, 2003, December 31, 2004, and for the six months ended June 30, 2005 as follows:

	December 31, 2003	December 31, 2004	Six months ended June 30, 2005
Net income/(loss)	$ 36,915	$ (105,362)	$ 33,700
Weighted average common shares outstanding	736,203	736,203	736,203
Effect of dilutive securities:			
Stock options			
Weighted average common shares and common share equivalents	736,203	736,203	736,203

28. Related party transactions

Until the Acquisition, the Previous Shareholder Lenders had provided the Company with subordinated loans for a total of $350,650 as at December 31, 2003 and 2004. The interest rates on these loans were variable and are calculated on the basis of six-month LIBOR. Interest of $6,902, $10,866 and $7,373 was included in interest on indebtedness for the years ended December 31, 2003 and 2004, and for the six months ended June 30, 2005, respectively. These loans were acquired at the Acquisition by AerCap C.V. and are eliminated in consolidation in the accounts of AerCap Holdings C.V.

The Previous Shareholder Lenders also participated in the senior credit agreements of the Company prior to the Acquisition. A total of $1,623,865 and $1,516,604 were outstanding under these credit agreements at December 31, 2003 and 2004, respectively. The interest rate on the credit facility is variable and is calculated on the basis of LIBOR. Interest on the senior debt of $66,585, $61,634 and $34,842 is included in interest on term debt for the years ended December 31, 2003 and 2004 and for the six months ended June 30, 2005, respectively.

The Company had a note receivable from HypoVereinsbank AG (a Previous Shareholder Lender) connected with the sale-leaseback transaction described in Note 1 of $110,300 at December 31, 2004.

The Company received fee income during the periods indicated below for a variety of management services it provided to related parties as detailed below:

	AerCap B.V.			AerCap Holdings C.V.
	Year ended December 31,			
	2003	2004 (restated)	Six months ended June 30, 2005	June 27 to December 31, 2005
GPA-ATR	$ 200	$ 172	$ 97	$ 94
AerCo	4,119	5,400	2,358	2,440
Wings, (a fully-owned subsidiary of DASA)	1,926	1,623	685	—
EADS	440	535	68	—
KfW	119	109	51	—
Bayerische Landesbank Girozentrale	677	407	54	—
	$ 7,481	$ 8,246	$ 3,313	$ 2,534

Subsequent to the deconsolidation of AerCo, the Company has received interest from AerCo on its D note investment of $6,375, $8,500, $1,733 and $850 for the years ended December 31, 2003 and 2004, the six months ended June 30, 2005, and in the period from June 27 to December 31, 2005, respectively.

After the Acquisition, AerCap Holdings C.V. made payments of $300 between June 27 and December 31, 2005 to Cerberus for services provided to the Company in relation to business development, including due diligence on potential aviation asset investments.

29. Commitments and contingencies

Property and other rental commitments

The Company has entered into property rental commitments with third parties, which expire in 2011, amounting to $10,526 and $7,499 as of December 31, 2004 and 2005, respectively. The Company

also has lease arrangements with respect to company cars and office equipment. Minimum payments under the property rental agreements are as follows:

2006	$ 1,817
2007	1,828
2008	1,433
2009	1,433
2010	494
Thereafter	494
	$ 7,499

Legal proceedings

VASP litigation

The Company leased 13 aircraft and three spare engines to Vicao Aerea de Sao Paulo ("VASP"), a Brazilian airline. In 1992, VASP defaulted on its lease obligations and the Company commenced litigation against VASP to repossess its aircraft. In 1992, the Company obtained a preliminary injunction for the repossession and export of 13 aircraft and three spare engines (the "Repossessed Assets") from VASP. The Company repossessed and exported the Repossessed Assets in 1992. VASP appealed this decision.

In 1996, the High Court of the State of São Paulo (the "High Court") found in favour of VASP on its appeal. The Company was instructed to return the Repossessed Assets to VASP for the lease under the terms of the original lease agreements between the Company and VASP. The High Court also granted VASP the right to seek damages in lieu of the return of Repossessed Assets. Since 1996, the Company has pursued in this case in the Brazilian courts through various motions and appeals.

On March 1, 2006, the Superior Court of Justice dismissed the Company's most recent appeal and on April 5, 2006 a special panel of the Superior Court of Justice confirmed the Superior Court of Justice decision. On May 15, 2006, the Company appealed this decision to the Federal Supreme Court. On February 23, 2006, VASP commenced a procedure for the calculation of the award for damages. The Company's external legal counsel has advised them that even if it loses on the merits, they do not believe that VASP will be able to demonstrate any damages.

The Company continues to actively pursue all courses of action that may be available to it and intends to defend its position vigorously and to pursue each of its claims against VASP based on the damages it incurred as a result of the default by VASP on its lease obligations. Management, based on the advice of the Company's external legal counsel, is of the view that is not necessary to make any provisions for this litigation.

Swedish tax dispute

In 2001, the Swedish tax authorities challenged the Company's position in tax returns filed for the years 1999 and 2000 with respect to certain deductions. In accordance with Swedish law, the Company made a guarantee payment to the tax authority of $16,792 in 2003, which was recorded as a receivable in anticipation that the Company would prevail in its arguments. The Company appealed the decision of the tax authorities and in August 2004, a Swedish court ruled in favor of the Company which resulted in a tax refund of $19,887 (which included interest and the effect of foreign exchange movements for the intervening period) to the Company, which was offset against the receivable

established. In September 2004, the Swedish tax authorities appealed the decision of the Court and filed an appeal with the Administrative Court of Appeal in Sweden. The Company has responded to this appeal. At the moment, it is considered likely that a decision will be forthcoming from the Court by the end of 2006. Management, based on the advice of the Company's tax advisors, has determined that it is not necessary to make any provisions for this tax dispute.

30. Fair values of financial instruments

Statement of Financial Accounting Standards No. 107 "Disclosures about Fair Value of Financial Instruments" defines the fair value of a financial instrument as the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. Fair values of financial instruments have been determined with reference to available market information. However, considerable management judgment is required in interpreting market data to arrive at estimates of fair values. Accordingly, the estimates presented herein may not be indicative of the amounts that the Company could realise in a current market exchange.

	December 31, 2004 (restated)		December 31, 2005	
	Book value	Fair value	Book value	Fair value
Assets				
Investments	$ 21,866	$ 21,866	$ 3,000	$ 3,000
Trade receivables	5,826	5,826	6,575	6,575
Notes receivable	250,774	250,774	196,620	196,620
Restricted cash	118,422	118,422	157,730	157,730
Derivative assets	—	—	18,420	18,420
Cash and cash equivalents	143,640	143,640	183,554	183,554
	$ 540,528	$ 540,528	$ 565,899	$ 565,899
Liabilities				
Term debt	$ 3,115,492	$ 3,018,261	$ 2,172,995	$ 2,185,739
Derivative liabilities	20,144	20,144	8,087	8,087
Guarantees	10,239	10,239	18,798	18,798
	$ 3,145,875	$ 3,048,644	$ 2,199,880	$ 2,212,624

31. Recent Accounting Pronouncements

In May 2005, the FASB issued SFAS No. 154, "Accounting Changes and Error Corrections", which replaces APB Opinion No. 20, "Accounting Changes", and SFAS No. 3, "Reporting Accounting Changes in Interim Financial Statements", and provides guidance on the accounting for and reporting of accounting changes and error corrections. SFAS No. 154 applies to all voluntary changes in accounting principle and requires *retrospective application* (a term defined by the statement) to prior periods' financial statements, unless it is impracticable to determine the effect of a change. It also applies to changes required by an accounting pronouncement that does not include specific transition provisions. In addition, SFAS No. 154 redefines *restatement* as the revising of previously issued financial statements to reflect the correction of an error. The statement is effective for accounting changes and corrections of errors made in fiscal years beginning after December 15, 2005. We will adopt SFAS No. 154 beginning January 1, 2006.

In July 2005, the FASB issued FSP No. APB 18-1, "Accounting by an Investor for Its Proportionate Share of Accumulated Other Comprehensive Income of an Investee Accounted for Under the Equity Method in Accordance with APB Opinion No. 18 Upon a Loss of Significant Influence", which requires that when equity method accounting ceases upon the loss of significant influence of an investee, the investor's proportionate share of the investee's other comprehensive income should be offset against the carrying value of the investment. To the extent this results in a negative carrying value, the investor should adjust the carrying value to zero and record the residual balance through earnings. The FSP is effective for reporting periods beginning after July 12, 2005. We will adopt FSP No. APB 18-1 beginning January 1, 2006 and do not anticipate that it will have a material impact on our financial position or results of operations.

On November 10, 2005, the FASB issued FSP No. 123(R)-3, "Transition Election Related to Accounting for the Tax Effects of Share-Based Payment Awards", which provides an alternative (and simplified) method to calculate the pool of excess income tax benefits upon the adoption of SFAS No. 123(R). Among other things, the FSP also provides guidance on how to present excess tax benefits in statements of cash flows when the alternative pool calculation is used. This new guidance became effective upon its issuance; however, companies can generally make a one-time election to adopt the transition method in FSP No. 123(R)-3 up to one year from the later of (i) initial adoption of SFAS No. 123(R) or (ii) November 10, 2005. If a company elects to adopt the alternative method after it has already issued financial statements pursuant to the provisions of SFAS No. 123(R), such adoption would be considered a change in accounting principle. We continue to evaluate FSP No. 123(R)-3 and, accordingly, have not yet determined whether the alternative method will be utilized.

In February 2006, the FASB issued FSP FAS No. 123(R)-4, "Classification of Options and Similar Instruments Issued as Employee Compensation That Allow for Cash Settlement upon Occurrence of a Contingent Event". This position amends SFAS No. 123(R) to incorporate that a cash settlement feature that can be exercised only upon the occurrence of a contingent event that is outside the employee's control does not meet certain conditions in SFAS No. 123(R) until it becomes probable that the event will occur. The FSP is effective for the first reporting period beginning after the date the FSP was posted to the FASB website, which was on February 3, 2006; if in applying SFAS No. 123(R) an entity treated options or similar instruments that allow for cash settlement upon the occurrence of a contingent event in a manner inconsistent with the guidance in this FSP, then retrospective application is required. We do not anticipate that FSP No. 123(R)-4 will have a material impact on our financial position or results of operations.

In February 2006, the FASB issued SFAS No.155, "Accounting for Certain Hybrid Financial Instruments—an amendment of FASB statements No. 133 and 140".—This statement permits fair value measurement for any hybrid financial instrument that contains an embedded derivative that otherwise would require bifurcation. This statement is effective for all financial instruments acquired or issued after the beginning of an entity's first fiscal year that begins after September 15, 2006 (January 1, 2007 for us). Earlier adoption is permitted as of the beginning of an entity's fiscal year, provided that no interim period financial statements have been issued for the financial year. We do not anticipate that the adoption of SFAS 155 will have a material effect on our financial statements or our results of operations.

In March 2006, the FASB issued SFAS No. 156, "Accounting for Servicing of Financial Assets". SFAS No. 156 amends SFAS No. 140. SFAS No. 156 requires that all separately recognized servicing assets and servicing liabilities be initially measured at fair value. For subsequent measurements, SFAS

No. 156 permits companies to choose between using an amortization method or a fair value measurement method for reporting purposes. SFAS No. 156 is effective as of the beginning of a company's first fiscal year that begins after September 15, 2006. We do not anticipate SFAS No. 156 to have a material impact on our financial position or our results of operations.

In April 2006, the FASB issued FSP No. FIN 46(R)-6, "Determining the Variability to Be Considered in Applying FASB Interpretation No. 46(R)". The FSP addresses how a reporting enterprise should determine the variability to be considered in applying FIN 46(R). The variability that is considered in applying FIN 46(R) affects the determination of (a) whether an entity is a VIE, (b) which interests are "variable interests" in the entity, and (c) which party, if any, is the primary beneficiary of the VIE. That variability affects any calculation of expected losses and expected residual returns, if such a calculation is necessary. FSP No. FIN 46(R)-6 must be applied prospectively to all entities (including newly created entities) and to all entities previously required to be analyzed under FIN 46(R) when a "reconsideration event" has occurred, in the first reporting period beginning after June 15, 2006. We will evaluate the impact of this FSP at the time any such "reconsideration event" occurs and for any new entities created.

In July 2006, the Financial Accounting Standards Board (FASB or the "Board") released FASB Interpretation No. 48, *Accounting for Uncertainty in Income Taxes—an Interpretation of FASB Statement 109* (FIN 48 or the "Interpretation"). FIN 48 is applicable to all uncertain positions for taxes accounted for under FASB Statement 109, *Accounting for Income Taxes* (FAS 109). FIN 48 prescribes a comprehensive model for how a company should recognize, measure, present, and disclose in its financial statements uncertain tax positions that the company has taken or expects to take on a tax return (including a decision whether to file or not to file a return in a particular jurisdiction). Under the Interpretation, the financial statements will reflect expected future tax consequences of such positions presuming the taxing authorities' full knowledge of the position and all relevant facts, but without considering time values. The new accounting model for uncertain tax positions is effective for annual periods beginning after December 15, 2006. We have not yet determined the impact of the adoption of FIN 48 on our financial statements, if any.

32. Subsequent events

Acquisition of AeroTurbine—On April 26, 2006, the Company, through its principal U.S. subsidiary, acquired all of the existing share capital of AeroTurbine, Inc. ("AT"). AT is engaged primarily in the distribution of turbojet aircraft, aircraft engines and aircraft parts as well as the sale, lease and overhaul management of engines to the commercial aviation industry worldwide. AT is located in Miami, Florida. The Company acquired AT in order to diversify its investment in aviation assets and to give the Company a more significant presence in the market for older equipment. The total amount of cash paid for the purchase was $146,848 which includes the cost of AT's shares, acquisition expenses. The cash paid was funded through cash from operations, of $73,092 and $73,756 of cash raised from a refinancing of AT's existing debt at the time of the acquisition. The financing totaled $175 million and included a senior tranche ($160,000) and a junior tranche ($15,000), both of which are secured by the assets of AT at the time of acquisition, and a revolving credit facility ($171,000) to fund future growth. The senior tranche and the revolving credit facility are recourse to AT, but non-recourse to the Company. The junior tranche of debt has been guaranteed by the Company. In addition the Company has guaranteed the obligation of AT to increase the face value of existing key man life insurance policies by an amount of $5,000 on each of two of the AT executives. The Company's agreement with

the selling shareholders requires a subsequent adjustment (up or down) to the purchase price based on the taxable income of AT during 2005 and the period in 2006 to the closing date. It is not possible to determine the exact amount of such adjustment at this time, but the amount is anticipated to approximate a $1,200 increase to the price to be paid to the selling shareholders. The results of AT will be consolidated into the Company's accounts from the date of acquisition.

Warehouse debt facility—On April 26 2006, the Company closed a revolving and term loan facility ("Warehouse") with a syndicate of banks. The Warehouse is divided into three classes of debt (A, B, and C tranches) with a combined commitment of $1,000,000. The Warehouse allows the Company to buy aircraft through bankruptcy-remote special purpose companies ("SPCs") funded by the bank syndicate for a revolving period of two years ("Revolving Period"). After the termination of the Revolving Period, the existing amount outstanding becomes a term loan which amortizes on a periodic basis to an ultimate maturity date six years from the closing (April 26, 2012). The terms of the Warehouse place certain restrictions on the type and age of aircraft which are eligible for inclusion and also requires that certain concentration limits be observed. The Warehouse includes general and operating covenants that restrict additional indebtedness in the SPCs owning the related aircraft, the payment of dividends and other limitations which are customary for such credit facilities.

AerCap Holdings C.V.
and Subsidiaries
Unaudited Condensed Consolidated Interim Financial Statements
For the Six Months Ended June 30, 2005,
the Three Months Ended September 30, 2005 and
the Nine Months Ended September 30, 2006

AerCap Holdings C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Balance Sheets

As of December 31, 2005 and September 30, 2006

	Note	December 31, 2005	September 30, 2006
		(US dollars in thousands)	
Assets			
Cash and cash equivalents		$ 183,554	$ 215,325
Restricted cash		157,730	125,065
Trade receivables, net of provisions		6,575	27,959
Flight equipment held for operating leases, net		2,189,267	2,542,119
Net investment in direct finance leases		1,072	—
Notes receivables, net of provisions		196,620	158,303
Prepayments on flight equipment		115,657	129,496
Investments		3,000	3,000
Goodwill	4	0	37,225
Intangibles	4	38,571	30,455
Inventory		0	85,475
Derivative assets		18,420	10,520
Deferred income taxes	6	99,346	98,980
Other assets		51,421	87,425
Total assets		$ 3,061,233	$ 3,551,347
Liabilities and partners' capital			
Accounts payable		$ 2,575	$ 3,571
Accrued expenses and other liabilities		76,562	73,325
Accrued maintenance liability		150,322	195,576
Lessee deposit liability		56,386	63,403
Term debt	5	2,172,995	2,458,977
Accrual for onerous contracts		152,634	112,300
Deferred revenue		22,009	26,621
Derivative liabilities		8,087	—
Deferred income taxes	6	0	45,785
Total liabilities		2,641,570	2,979,558
Minority interest		—	32,020
General partner's capital		3,700	3,700
Limited partners' capital		366,300	381,264
Retained earnings		49,663	154,805
Total partners' capital		419,663	539,769
Total liabilities and partners' capital		$ 3,061,233	$ 3,551,347

The accompanying notes are an integral part of these condensed consolidated financial statements

AerCap Holdings C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Income Statements

For the Six Months Ended June 30, 2005, the Three Months Ended September 30, 2005 and the Nine Months Ended September 30, 2006

	Note	AerCap B.V.	AerCap Holdings C.V.	
		Six months ended June 30, 2005	Three months ended September 30, 2005	Nine months ended September 30, 2006
		(US dollars in thousands, except share and per share amounts)		
Revenues				
Lease revenue		$ 175,333	$ 81,325	$ 311,131
Sales revenue		79,574	—	236,665
Management fee revenue		6,512	4,044	10,330
Interest revenue		13,130	10,448	26,656
Other revenue		3,459	174	18,014
Total revenues		**278,008**	**95,991**	**602,796**
Expenses				
Depreciation and amortization		66,407	22,477	72,347
Cost of goods sold		57,632	—	183,264
Interest on term debt		69,857	24,868	111,432
Operating lease in costs		13,877	6,475	18,925
Leasing expenses		9,688	4,450	26,598
Provision for doubtful notes and accounts receivable		3,161	(217)	(847)
Selling, general and administrative expenses		19,559	10,937	66,571
Total expenses		240,181	68,990	478,290
Income from continuing operations before income taxes and minority interest		**37,827**	**27,001**	**124,506**
Provision for income taxes		(4,127)	(4,086)	(20,094)
Minority interest, net of taxes			—	730
Net income		**$ 33,700**	**$ 22,915**	**$ 105,142**
Earnings per share, basic and diluted		$ 45.78	$ —	$ —
Weighted average shares outstanding, basic and diluted	8	736,203	—	—
Pro forma net income due to change in organizational structure (unaudited)				
Net income as reported		—	$ 22,915	$ 105,142
Pro forma income taxes		—	$ 1,518	$ 4,554
Pro forma net income		—	$ 21,397	$ 100,588
Pro forma basic earnings per share, basic and fully diluted		—	$ 0.27	$ 1.29
Pro forma weighted average shares, basic and diluted		—	78,236,957	78,236,957

The accompanying notes are an integral part of these condensed consolidated financial statements

AerCap Holdings C.V. and Subsidiaries

Unaudited Condensed Consolidated Interim Statements of Cash Flows

For the Six Months Ended June 30, 2005, the Three Months Ended September 30, 2005 and the Nine Months Ended September 30, 2006

	AerCap B.V.	AerCap Holdings C.V.	
	Six months ended June 30,	Three months ended September 30,	Nine months ended September 30,
	2005	2005	2006
	(US dollars in thousands, except per share amounts)		
Net income	$ 33,700	$ 22,915	$ 105,142
Adjustments to reconcile net income to net cash provided by operating activities			
Minority interest	—	—	(730)
Depreciation and amortization	66,407	22,477	72,347
Amortisation of intangibles	—	3,281	8,656
Provision for doubtful notes and accounts receivable	3,161	(217)	51
Capitalised interest on pre-delivery payments	(3,084)	(1,419)	(3,747)
Gain on disposal of assets	(24,906)	—	(48,153)
Mark-to-market of non-hedged derivatives	(11,783)	(2,748)	(187)
Deferred taxes	3,505	4,103	19,857
Stock based compensation	—	—	14,993
Changes in assets and liabilities			
Trade receivables and notes receivable, net	59,023	1,228	36,442
Inventories	—	—	(32,833)
Other assets	(18,101)	(8,219)	1,532
Accounts payable and accrued expenses, including accrued maintenance liability, lessee deposits	(909)	266	214
Deferred revenue	262	1,656	2,708
Net cash provided by operating activities	**107,275**	**43,323**	**176,292**
Purchase of flight equipment	(74,679)	(94,088)	(390,437)
Proceeds from sale/disposal of assets	91,863	—	218,481
Prepayments on flight equipment	(19,711)	(10,741)	(59,946)
Purchase of investments	(3,000)	—	—
Purchase of subsidiaries, net of cash acquired	—	(1,245,609)	(145,246)
Movement in restricted cash	20,052	(306,892)	32,665
Net cash provided by (used in) investing activities	**14,525**	**(1,657,330)**	**(344,483)**
Issuance of term debt	63,085	(2,214,841)	540,523
Repayment of term debt	(239,369)	(839,358)	(347,042)
Debt issuance costs paid	(772)	(36,681)	(25,007)
Issuance of equity interests	35,051	370,000	—
Capital contributions from minority interests	—	—	32,750
Net cash (used in) provided by financing activities	**(142,005)**	**1,708,802**	**201,224**
Net increase (decrease) in cash and cash equivalents	(20,205)	94,795	33,083
Effect of exchange rate changes	233	42	(1,262)
Cash and cash equivalents at beginning of period	$ 143,640	$ —	$ 183,554
Cash and cash equivalents at end of period	**$ 123,668**	**94,837**	**$ 215,325**
Supplemental cash flow information:			
Interest paid	$ 77,042	$ 23,364	$ 97,824
Taxes (refunded) paid	55	224	(74)
Fair values of assets acquired and liabilities assumed in purchase acquisitions			

Assets acquired	$ —	$ 2,838,918	$ 309,401
Liabilities assumed		(1,469,641)	(162,553)
Cash paid	$ —	$ 1,369,277	$ 146,848

The accompanying notes are an integral part of these condensed consolidated financial statements

1. General

The Company

AerCap Holdings C.V. is a limited partnership ("*commanditaire vennootschap*") formed in June 2005 under the laws of the Netherlands. The consolidated financial statements include the accounts of AerCap Holdings C.V. and its subsidiaries (collectively, the "Company"). The Company is an integrated global aviation company conducting aircraft and engine leasing and trading and parts sales. The Company also provides a wide range of aircraft management services to other owners of aircraft. The Company is headquartered in Amsterdam, The Netherlands, and has offices in Shannon, Ireland and Ft. Lauderdale and Miami, USA.

Acquisition of AeroTurbine, Inc.

On April 26, 2006 the Company purchased all of the existing share capital of AeroTurbine, Inc ("AT"). AT has been included in the Company's consolidated income statements from April 26, 2006. AT is engaged primarily in the distribution of turbojet aircraft, aircraft engines, and aircraft parts as well as the sale, lease and overhaul management of engines to the commercial aviation industry worldwide. AT is located in Miami, Florida. The Company acquired AT in order to diversify its investments in aviation assets and to give the Company a more significant presence in the market for older equipment. The total cash payment for the purchase was $146,848 including acquisition expenses. The Company's agreement with the selling shareholders requires a subsequent adjustment (up or down) to the purchase price based on the taxable income of AT during 2005 and the period in 2006 to the closing date. It is not possible to determine the exact amount of such adjustment at this time, but the amount is anticipated to approximate a $1,200 increase to the price to be paid to the selling shareholders. In addition, the Company may elect to treat the purchase as an asset purchase for tax purposes. If this election is made, additional consideration will be paid to the selling shareholders of AeroTurbine to indemnify them against an increase in their personal income tax liability arising from the sale. As a result of the election, the tax basis of the acquired assets will increase resulting in a decrease to the deferred tax liability recognized in the acquisition of AT.

The Company has not yet determined the amount of additional consideration it would be required to pay in connection with such an election, but anticipates the amount to be approximately $20,100. The Company expects to determine whether it will make such election by December 31, 2006.

The consideration for the purchase was funded through cash from our operations of $73,092 and $73,756 of cash raised from refinancing AT's existing debt. The new financing totaled $175,000 and included $160,000 of senior unsecured debt, $15,000 of subordinated debt and a revolving credit facility of $171,000 to fund future growth. The Company has allocated the $146,848 purchase consideration to

the preliminary fair values of acquired assets and assumed liabilities in accordance with FAS 141, *Business Combinations* as follows:

	Estimated fair values
	(US dollars in thousands)
Cash and cash equivalents	$ 1,601
Equipment held for operating lease, net	160,994
Inventory	52,643
Intangible assets	25,600
Goodwill	37,225
Property and equipment	7,896
Other	23,442
Total assets	309,401
Term debt	93,104
Deferred taxes	49,972
Other	19,477
Total liabilities	162,553
Total consideration paid	$ 146,848

The Company is in the process of completing its allocation of the purchase price and has not yet received final valuations of certain intangible assets from third party appraisers. Thus, the allocation of the purchase price is preliminary and subject to refinement. The entire amount of $37,225 of goodwill, currently none of which is expected to be tax deductible, has been allocated to the Engine and Parts reportable unit. If the Company elects to treat the purchase as an asset purchase, a portion of the goodwill recognized may be tax deductible.

A summary of the intangible assets acquired is as follows:

	Estimated fair value	Estimated useful lives in years
Customer relationships—parts	$ 19,800	10
Customer relationships—engines	3,600	10
FAA Certificate	1,100	15
Non-compete agreement	1,100	6

Amortization of the customer relationship intangibles is based on the anticipated sales in the periods after the AT acquisition of both parts and engines which benefit from such relationships. Amortization of the FAA certificate is straight-line over 15 years, the remaining estimated useful life of the engine type to which the repair station certificate relates. Amortization of the non-compete agreement is straight-line over six years, which is the sum of the term of the employment agreements of the related individuals and the term of the non-compete agreements.

The following pro forma condensed consolidated information for the nine months ended September 30, 2006 gives effect to the Company's acquisition of AT as if it had occurred on January 1, 2006. The pro forma condensed consolidated information for the nine months ended September 30,

2005 gives effect to the acquisition of the Company by Cerberus and the Company's acquisition of AT as if they had occurred on January 1, 2005:

	Nine months ended September 30, 2005	Nine months ended September 30, 2006
	(US dollars in thousands, except share and share amounts)	
Revenues	$ 469,222	$ 655,850
Net income	75,031	94,755
Earnings per share, basic	101.9	—
Earnings per share, fully diluted	101.9	—
Outstanding shares, basic	736,203	—
Outstanding shares, fully diluted	736,203	—

Variable Interest Entities

In January 2006, the Company sold a 50% equity interest in AerVenture Ltd. ("AerVenture"), previously a wholly-owned entity, to LoadAir, a subsidiary of Al Fawares, an investment and construction company based in Kuwait. AerVenture has contracted with Airbus for the delivery of up to 70 A320 family aircraft between November 2007 and August 2010, with the intent of leasing these aircraft to third parties. The joint venture agreement requires the Company to make certain specified equity contributions and additional equity capital available to AerVenture depending on capital needs in the future. The Company has entered into agreements to provide management and marketing services to AerVenture in return for management fees. The Company has determined that AerVenture is a variable interest entity for which the Company is the primary beneficiary. As such, the Company has continued to consolidate AerVenture in its accounts.

The contractual commitments including purchase obligations related to AerVenture as of September 30, 2006 are as follows:

	2006	2007	2008	2009	2010
Contractual commitments	$ 26,738	153,451	524,739	1,035,914	949,421

In April 2006, the Company signed a joint venture agreement with Deucalion to form the Bella joint venture in which it holds a 50% equity interest. Bella purchased two used Airbus A330-322 aircraft in April and May 2006 and has subsequently leased these aircraft to third parties. The Company has entered into agreements to provide to Bella aircraft management and marketing services in return for management fees. The Company has determined that Bella is a variable interest entity for which the Company is the primary beneficiary. As such, the Company has consolidated Bella into its accounts.

Investments in Joint Ventures

In May 2006, the Company signed a joint venture agreement with China Aviation Supplies Import and Export Group Corporation and affiliates of Calyon establishing AerDragon. AerDragon is 50% owned by China Aviation and 25% owned by each of us and Calyon. The joint venture did not own any aircraft at September 30, 2006. The joint venture is subject to the issuance of local business licenses by Chinese authorities, as well as Chinese regulatory approvals. The Company expects to obtain these licenses and approvals in the fourth quarter of 2006. The Company will provide aircraft management

services to AerDragon in return for fees. The Company accounts for its investment in AerDragon according to the equity method.

2. Summary of significant accounting policies

Basis for presentation

The unaudited condensed consolidated interim financial statements of the Company are presented in accordance with accounting principles generally accepted in the U.S. (U.S. GAAP) These interim financial statements include all adjustments, consisting only of normal recurring adjustments and the elimination of all intercompany accounts and transactions, which are, in the opinion of management, necessary to provide a fair presentation of financial condition and results of operations for the periods presented. Certain information and footnote disclosures normally included in financial statements prepared in accordance with generally accepted accounting principles in the U.S. have been condensed or omitted pursuant to the rules and regulations of the Securities and Exchange Commission. These unaudited condensed consolidated interim financial statements should be read in conjunction with the financial statements and notes included in the Company's audited financial statements included in this prospectus. The results of operations for the nine months ended September 30, 2006 are not necessarily indicative of the results to be expected for the full fiscal year ending December 31, 2006. The Company acquired all of the share capital of AerCap B.V. in June 2005. The accounts of AerCap B.V. for periods prior to the acquisition are identified as "predecessor". The accounts of the Company for periods after the acquisition are identified as "successor". As a result of the acquisition, the assets and liabilities of AerCap B.V. are stated at their fair values at the acquisition date. The consolidated financial statements of the predecessor reflect historical cost. The consolidated financial statements show both the predecessor accounts and successor accounts. Due to these different bases of accounting, predecessor and successor amounts are not directly comparable.

Inventory

Inventory, which consists exclusively of finished goods, is valued at the lower of cost or market. Cost is primarily determined using the specific identification method for individual part purchases and whole engines and on an allocated basis for dismantled engines, aircraft, and bulk inventory purchases using the relationship of the cost of the dismantled engine, aircraft or bulk inventory purchase to estimated remaining sales value at the time of purchase. Inventories are comprised primarily of engines, aircraft and engine parts, rotables and expendables. Expenditures required for the recertification or betterment of flight equipment are capitalized in inventory and are expensed as the parts associated with such costs are sold. Inventory acquired in the purchase of a subsidiary is accounted for in accordance with FAS 141 at estimated selling prices less the sum of (a) costs of disposal and (b) a reasonable profit allowance for the selling effort of the acquiring entity.

Goodwill

Goodwill represents the excess of the cost of acquisition of subsidiaries over the fair value of identifiable net assets at the dates of acquisition. Goodwill is not amortized, but is tested for impairment annually or more often when events or circumstances indicate that there may have been impairment.

Definite-lived intangible assets

The Company recognizes intangible assets acquired in a business combination in accordance with the principles of FAS 141. The identified intangible assets are recorded at fair value on the date of acquisition. The rate of amortization of definite-lived intangible assets is calculated with reference to the period over which the Company expects to derive economic benefits from such assets.

Flight equipment held for operating leases, net

Flight equipment held for operating leases, including aircraft and engines, is stated at cost less accumulated depreciation and impairment. Aircraft acquired are depreciated over the assets' useful life, based on 25 years from the date of manufacture, using the straight-line method to the estimated residual value. The current estimates for residual (salvage) values for most aircraft types are 15% of original manufacture cost.

The estimates of useful lives are as follows:	
Stage III Aircraft	20-25 years
Turboprop Aircraft	20 years

The Company depreciates current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from five to seven years to an estimated residual value. The carrying value of flight equipment that is designated for part-out is transferred to the inventory pool. The Company's flight equipment is held for sale through its parts business from the time of such transfer.

Impairment of long-lived assets

The Company applies Statement of Financial Accounting Standards No. 144 ("SFAS 144"), "*Accounting for the Impairment or Disposal of Long-Lived Assets*", which addresses financial accounting and reporting for the impairment of long-lived assets and for long-lived assets to be disposed of and requires that all long-lived assets be evaluated for impairment where circumstances indicate that the carrying amounts of such assets may not be recoverable. The review for recoverability includes an assessment of the estimated future cash flows associated with the use of an asset and its eventual disposition. If the sum of the expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the asset, an impairment loss is recognized. The loss is measured as the excess of the carrying amount of the impaired asset over its fair value.

Fair value reflects the present value of cash that is directly associated with and that is expected to arise as a direct result of the use and eventual disposition of the asset, discounted at a rate commensurate with the associated risk. Future cash flows are assumed to occur under then current

market conditions and assume adequate time for a sale between a willing buyer and a willing seller. Expected future lease rates are based on all relevant information available, including current contracted rates for similar flight equipment, appraisal data and industry trends. Residual (salvage) value assumptions generally reflect an asset's booked residual, except where more recent industry information indicates a different value is appropriate.

Accrued maintenance liability

In all of our leases, the lessees are responsible for maintenance and repairs of our flight equipment and related expenses during the term of the lease. In some instances, the Company may incur maintenance and repair expenses for off-lease aircraft. The Company recognizes leasing expenses in its income statement for all such expenditures.

In many operating lease and finance lease contracts, the lessee has the obligation to make periodic payments of supplemental rent which are calculated with reference to the utilization of airframes, engines and other major life-limited components during the lease. In most such contracts, upon lessee presentation of invoices evidencing the completion of qualifying maintenance on the flight equipment, the Company makes a contribution to the lessee to help compensate for the cost of the maintenance, up to the amount of supplemental rents collected. In other contracts where supplemental rents are not paid, the lessee is required to re-deliver the aircraft in a similar maintenance condition (normal wear and tear excepted) as when accepted under the lease, with reference to major life-limited components of the aircraft. To the extent that such components are redelivered in a different condition than at acceptance, there is normally an end-of-lease compensation adjustment for the difference at redelivery. In addition, in both types of contracts, the Company may be obligated to make contributions to the lessee for maintenance related expenses (lessor contributions) on flight equipment during the term of the lease.

In all lease contracts where the Company agrees to make lessor contributions to compensate for qualifying maintenance work during the lease, the Company records an accrued maintenance liability through a charge to leasing expenses at the commencement of the lease based on the Company's estimate of maintenance events which will occur during the lease. The Company's accounting for supplemental rents paid by the lessee during the term of a lease depends upon whether the Company can control the occurrence, timing or amount of any reimbursement of supplemental rents during the lease. In longer-term lease contracts (primarily aircraft lease contracts) where the Company is not able to control the occurrence, timing or associated cost of qualifying maintenance work, the Company records supplemental rent paid by the lessee as accrued maintenance liability. In these contracts, the Company does not recognize such supplemental rent as revenue during the lease. Reimbursements to the lessee upon the receipt of evidence of qualifying maintenance work are charged against the existing accrued maintenance liability. In shorter-term lease contracts (primarily engine lease contracts) where the terms of the lease are designed specifically to allow the Company to control the occurrence, timing and associated cost of qualifying maintenance work on the flight equipment, supplemental rents collected during the lease are recognized as lease revenue. For flight equipment subject to these shorter-term contracts, the Company records a charge to leasing expenses at the time maintenance work is performed on the flight equipment.

For all of the Company's lease contracts, any amounts of accrued maintenance liability at the end of a lease and any amounts received as part of a redelivery adjustment are recorded as lease revenue at

lease termination. The Company regularly reviews the level of accrued maintenance liability to cover its contractual obligations in current lease contracts and makes adjustments as necessary. When flight equipment is sold, the portion of the accrued maintenance liability which is not specifically assigned to the buyer is released from the balance sheet and recognized as sales revenue as part of the sale of the flight equipment.

Share-based compensation

The Company accounts for share-based compensation in accordance with FAS 123R, "*Share-based payment".* Accordingly, the Company recognizes compensation expense when it becomes probable that participants in share-based incentive plans who hold direct or indirect equity interests in the Company's shares or options to acquire such shares will be able to achieve fair value. The amount of such expense is determined by reference to the fair value of the share or share option on the date of grant. The timing of expense recognition is determined with reference to the timing of lapsing of restrictions on restricted shares and vesting on share options, including the lapsing of repurchase rights which allow other parties to repurchase participants' shares at less than fair market value.

3. Share-based compensation arrangement

Effective June 30, 2005, holding companies which indirectly own 100% of the equity interests in the Company put into place an equity incentive plan ("Equity Plan") under which members of the Company's senior management, Board of Directors and a consultant (the "participants") can be granted either restricted shares or share options ("Equity Grants") in the holding companies. The holding companies from which the restricted shares and share options have been granted are each identical in their capital structure (95% preferred shares and 5% common shares) and each have an equal percentage indirect ownership interest in the Company, representing 100% of the ownership interests in the Company in aggregate. The holding companies do not own any other significant assets or conduct any other significant activities outside of their indirect investment in the Company and the value of the holding companies is derived exclusively with reference to the value of the Company.

On the date of the Company's acquisition of AT, the selling shareholders of AT purchased restricted shares in the holding companies. Restrictions lapse on three tranches of the restricted shares over a three year vesting period and on the fourth tranche over a four year vesting period and, in each case all restrictions lapse upon a change of control, including an initial public offering of the Company's shares. The agreements which govern the restricted shares, allow the holding companies to repurchase the restricted shares and allow the employees to put their shares back to the holding companies at fair market value upon the occurrence of certain employment termination events. One of the termination events under the control of the selling shareholders of AT would allow them to put the fourth tranche of shares back to the holding companies for market value immediately upon the vesting of that tranche of shares. As a result, the fourth tranche of shares was classified as a liability award until September 19, 2006 when the two executives signed amendments to the governing documents to restrict their put right on the fourth tranche until at least six months from the date of vesting of the fourth tranche. As of September 19, 2006, all restricted shares owned by the two executives qualify as equity awards.

On August 21, 2006 and September 5, 2006 the holding companies issued stock options under the Equity Plan to three members of the Company's senior management. The options vest over a four-year

period of time according to both time and performance-based criteria. Twenty-percent of the options vest upon an initial public offering of our shares and all options vest upon a change of control, but excluding an initial public offering of our shares. The option agreements contain provisions which allow the holding companies to repurchase any shares obtained through the exercise of options at the lower of fair market value or the exercise price paid at the occurrence of certain employment termination events.

On September 5, 2006, the holding companies granted options under the Equity Plan to four non-executive directors of the Company. The options granted to the directors are not subject to vesting criteria and are exercisable for a period of ten years. The holding companies have the right to repurchase any shares acquired through the exercise of options at fair market value within 90 days of the conclusion of any director's term on the board of directors.

The fair values of all shares and share options described above were calculated assuming the mid-point valuation of the Company in connection with an anticipated public offering of the Company's shares. A valuation was also performed effective September 19, 2006 in connection with the amendment of the agreements with the two AT executives.

To this value, a discount for lack of marketability ("DLOM") was applied to reflect the fact that (i) the shares being valued represent an illiquid minority interest in a closely-held indirect holding company without access to a recognized market and (ii) the shares are subject to significant restrictions which prevent their transfer or pledge. The application of a DLOM was supported by empirical data from studies of restricted shares and pre-IPO studies of share prices. In addition, the DLOM was supported by a "put-option" analysis which calculates the inherent difference in value between a freely-traded share and an illiquid, restricted share. A DLOM of 20% was applied in the April 2006 valuation supporting the issuance of shares to the two AeroTurbine executives. A DLOM of 10% was applied to the valuation supporting the issuances in August and September 2006. The decrease to the DLOM between the two valuation dates reflects the increased probability of a successful public offering of the shares of the Company and the resulting closer proximity to a liquid market for shares in the holding companies.

In accordance with FAS 123R, the amount of compensation expense recognized for restricted shares qualifying as equity awards is derived with reference to the excess of fair market value of the shares at the date of grant over the price paid. For restricted shares qualifying initially as liability awards which subsequently qualify as equity awards, compensation expense for periods prior to the change is derived with reference to the excess of fair market value at each reporting period over the price paid. For periods subsequent to the change, compensation expense is derived with reference to the fair market value at the date of change over the price paid. The amount of expense recognized with respect to share options is based on the fair value of the option using the share valuation method described below and then applying a Black-Scholes option pricing model to the underlying share value. The value of each of the Equity Grants is recognized on a straight-line basis over the applicable vesting periods.

For options valued with a Black-Scholes option pricing model, the Company used the following assumptions:

Volatility	38.25% - 39.90%
Expected life	5.00 - 5.93 years
Risk-free interest rate	4.67 - 4.72%
Dividend yield rate	0.00%

Since the Company's shares have not traded in the public market, the Company derived its volatility assumptions by comparison to peer group companies. The expected life represents the period of time the options are expected to be outstanding. The risk free rate is based on the U.S. Treasury yield curve in effect at the time of grant and has a term equal to the expected life of the options. The expected dividend yield is based on the Company's history of not paying regular dividends in the past and its current intention not to pay regular dividends in the foreseeable future. The differing volatilities and interest rates used result from the differences in expected life among the different tranches of stock options valued.

The offsetting entry for the compensation expense recognized for Equity Grants qualifying as equity awards is to additional paid-in capital with no resulting effect on total shareholders' equity. The offsetting entry for compensation expense related to Equity Grants qualifying as liability awards is to accrued liabilities. For the Equity Grants issued to the two AT executives, a change in control or initial public offering of the Company's shares will result in immediate recognition of the remaining unrecognized excess fair value which was $67.0 million as of September 30, 2006.

For the options issued to the independent directors, the fair value of the options was recognized as compensation expense on the date of grant as indicated in the table below because the shares were fully vested and not subject to repurchase at less than fair market value.

A summary of issuances under the Equity Plan at September 30, 2006 is set forth below. Because the number of shares and share options under the Equity Plan are shares and share options of the

holding companies, ownership interests in the table are summarized in terms of percentage indirect interest in the Company.

	Grant Date	Current percentage indirect equity interest(A) Shares	Current percentage indirect equity interest(A) Options	Valuation for expense recognition	Expense recognized in the nine month period ended September 30, 2006
Prior year issuances	December 29, 2005	6.61%	2.60%	10,195	—
AT Executives Issuance	April 26, 2006	6.38%	—	78,465	10,479
Senior Management Issuance	August 21/September 5, 2006	1.66%	—	17,818	—
Independent Director Issuance	September 5, 2006	0.43%	—	4,514	4,514
Total		15.08%(B)	2.60%	110,992	14,993

(A) On a fully-diluted basis.

(B) In addition to shares granted under the Equity Plan, members of management own 0.3% of common shares of the holding companies purchased for value.

4. Intangible assets

The following table presents details of intangible assets and related accumulated amortization and goodwill:

	As of December 31, 2005			
	Gross	Accumulated amortization	Other	Net
Lease premiums	$ 45,134	$ (6,563)	$ —	$ 38,571

	As of September 30, 2006			
	Gross	Accumulated amortization	Other(1)	Net
Lease premiums	$ 45,134	$ (15,368) (2)	$ (23,678)	$ 6,088
Customer relationships—parts	19,800	(563)	—	19,237
Customer relationships—engines	3,600	(559)	—	3,041
FAA Certificate	1,100	(32)	—	1,068
Non-compete agreement	1,100	(79)	—	1,021
Goodwill	37,225	—	—	37,225
	$ 107,959	$ (16,601)	$ (23,678)	$ 67,680

(1) Reduction of $17,431 of lease premiums inclusive of deferred tax effect determined through an iterative calculation due to elimination of valuation allowances existing at the date of the acquisition of the Company by Cerberus. See note 6 for further details.

(2) Includes ($1,382) from the write-off of lease premium in connection with the sale of related aircraft.

5. Term Debt

UBS facility

On April 26, 2006, our wholly-owned subsidiary, AerFunding 1 Limited entered into a non-recourse senior secured revolving credit facility in the aggregate amount of up to $1,000,000 with UBS Real Estate Securities Inc., UBS Securities Inc., Deutsche Bank Trust Company Americas and certain other financial institutions. The revolving loans under the UBS revolving credit facility are divided into three classes: class A loans, which have a maximum advance limit of $715,000, class B loans, which have a maximum advance limit of $180,000, and class C loans, which have a maximum advance limit of $105,000.

Borrowings under the UBS revolving credit facility can be used to finance between 72% and 84% of the appraised value of the acquired aircraft or, in the case of Boeing 737NG and Airbus A320 family aircraft, between 85% and 86% of the lower of the purchase price and the appraised value of the acquired aircraft.

As of September 30, 2006, we had $128,002 of loans outstanding under the UBS revolving credit facility. The maturity date of the UBS revolving credit facility is April 26, 2012. Borrowings under the UBS revolving credit facility are secured by, among other things, security interests in and pledges or assignments of equity ownership and beneficial interests in all of the subsidiaries of AerFunding, as well as by AerFunding's interests in the leases of its assets. Borrowings under the UBS revolving credit facility bear interest (a) in the case of class A loans, based on the eurodollar rate plus the class A applicable margin, (b) in the case of class B loans, based on the eurodollar rate plus the class B applicable margin or (c) in the case of class C loans, based on the eurodollar rate plus the class C applicable margin. The following table sets forth the applicable margin for the three classes of the UBS revolving credit facility during the periods specified:

	Class A	Class B	Class C
Borrowing period(1)	1.75%	4.25%	6.00%
First 180 days following conversion	2.50%	5.00%	6.75%
From 181 days to 360 days following conversion	3.00%	5.50%	7.25%
From 361 days to 450 days following conversion	3.25%	5.75%	7.50%
From 450 days to 541 days following conversion	3.50%	6.00%	7.75%
Thereafter	3.75%	6.25%	8.00%

(1) The borrowing period is two years after which the loan converts to a term loan.

Additionally, we are subject to (a) a 0.22% fee on any unused portion of the unused class A loan commitment (b) a 0.37% fee on any unused portion of the unused class B loan commitment and (c) a 0.50% fee on any unused portion of the unused class C loan commitment.

The UBS revolving facility includes general and operating covenants that restrict additional indebtedness in the AerFunding subsidiaries owning the related aircraft, the payment of dividends and other limitations which are customary for such credit facilities.

Calyon facility

On April 26, 2006, our wholly-owned subsidiary, AeroTurbine, entered into a senior secured term loan and a revolving credit facility with Calyon and certain other financial institutions identified therein.

The senior secured term loan provided for a term loan of up to $160,000 and the revolving credit facility provided for revolving loans of up to $171,000. Concurrently with these loans, AeroTurbine entered into a junior term loan with Calyon and certain other financial institutions that provided for a term loan in the amount of up to $15,000. The maturity date of the Calyon loans and facility is April 26, 2011. All obligations of AeroTurbine under the junior term loan are unconditionally guaranteed by AerCap B.V.; AerCap B.V. does not guarantee the senior secured term loan or the revolving credit facility.

Borrowings under the Calyon loans and facility are secured by security interests in and pledges or assignments of all the shares and other ownership interests in AeroTurbine and its subsidiaries, as well as by all assets of AeroTurbine and its subsidiaries.

The outstanding amounts at September 30, 2006 are set forth below:

Tranche A	$	156,800	Three-month LIBOR plus 2.75%
Tranche B		15,000	Three-month LIBOR plus 5.50%
Revolver		44,115	Three-month LIBOR plus 3.00%

The Calyon loans include general and operating covenants that restrict additional indebtedness, the payment of dividends and other cash payments to its parent company and other limitations which are customary for such credit facilities.

Bella facility

On each of April 21, 2006 and May 10, 2006, Bella Aircraft Leasing 1 Limited, a consolidated joint venture in which the Company owns a 50% interest, entered into a loan agreement with DVB Bank AG, London Branch to provide for a term loan of up to $31,200 and $28,000, respectively, to finance the purchase of two aircraft. The maturity dates of the loans are February 28, 2009 and May 11, 2011, respectively. Borrowings under the loans are secured by security interests in and pledges of all shares in the borrower, the accounts to which lease payments are made, the aircraft, and certain of the borrower's rights under the lease and the loan documents. As of September 30, 2006, the amounts outstanding under each loan were $29,951 and $27,169, respectively.

Borrowings under the April 21 loan agreement bear interest at a fixed rate of 7.3150%. Borrowings under the May 10 loan agreement bear interest at a fixed rate of 7.6975%.

The loans include general and operating covenants that restrict the borrower from incurring additional indebtedness and other limitations which are customary for such credit facilities.

Term debt consists of the following at December 31, 2005 and September 30, 2006:

	December 31, 2005	September 30, 2006
ECA-guaranteed financings	$ 570,950	$ 578,573
JOL financings	149,037	100,545
Commercial bank debt	335,583	706,074
ALS securitization debt (G1, G2, C and D classes)	946,047	896,157
Capital lease obligations	24,606	22,490
Capital lease obligations under defeasance structures	146,772	155,138
	$ 2,172,995	$ 2,458,977

6. Deferred income taxes

In connection with the Company's anticipated public offering, the Company will change its current organizational structure from a Netherlands partnership to a Netherlands public limited liability company. In connection with this change, certain loans owed by AerCap B.V. to AerCap Holdings C.V. will be transferred to one of the Company's Irish subsidiaries. Interest income on these loans will be taxable in Ireland from that point forward. At December 31, 2005, the Company had recorded a valuation allowance of $17,431 on tax losses in Ireland to reduce these losses to their net realizable value. With the increase in future taxable income in Ireland from the interest on these transferred loans, the Company expects to recover the full value of all of its tax assets in Ireland and has eliminated its valuation allowance at September 30, 2006.

In accordance with FAS 109, the offsetting entry to the reduction in the valuation allowance which was established at the time Cerberus acquired the Company, reduces the intangible lease premium asset that was recognized as part of the Cerberus acquisition.

7. Segment information

Prior to the acquisition of AT, the Company operated in one reportable segment—leasing, financing and management of commercial aircraft. From the date of the acquisition of AT, the Company manages its business and analyzes and reports its results of operations on the basis of two business segments—leasing, financing, sales and management of commercial aircraft ("Aircraft") and leasing, financing and sales of engines and parts ("Engine and Parts").

The following sets forth the Company's significant information from reportable segments:

	AerCap B.V. Six months ended June 30, 2005		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 278,008	$ —	$ 278,008
Segment profit	33,700	—	33,700
Segment assets	2,842,412	—	2,842,412
Depreciation and amortization	66,407	—	66,407

	AerCap Holdings C.V. Three months ended September 30, 2005		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 95,991	$ —	$ 95,991
Segment profit	22,915	—	22,915
Segment assets	3,249,639	—	3,249,639
Depreciation and amortization	22,477	—	22,477

	AerCap Holdings C.V. Nine months ended September 30, 2006		
	Aircraft	Engines and parts	Total
Revenues from external customers	$ 544,662	$ 58,134	$ 602,796
Segment profit (loss)	111,978	(6,836)	105,142
Segment assets	3,157,631	393,716	3,551,347
Depreciation and amortization	68,388	3,959	72,347

The engine and parts segment includes information commencing with the acquisition of AT on April 26, 2006.

Segment profit represents net income of each segment. There were no intra-segment transactions which were necessary to eliminate in reporting segment information.

8. Earnings per common share

Basic and diluted earnings per share (EPS) were calculated for the nine months ended September 30, 2005 and September 30, 2006 with reference to net income and the number of weighted average shares outstanding as follows:

	AerCap B.V.	AerCap Holdings C.V.	
	Six months ended June 30, 2005	Three months ended September 30, 2005	Nine months ended September 30, 2006
Net income	$ 33,700	$ 22,915	$ 105,142
Weighted average common shares outstanding	736,203	—	—
Effect of dilutive securities:			
Stock options	—	—	—
Weighted average common shares and common share equivalents	736,203	—	—

9. Comprehensive income

Total comprehensive income consists solely of net income.

10. Recent Accounting Pronouncements

In September 2006, the FASB issued FSP No. AUG AIR-1 "Accounting for Planned Major Maintenance Activities." This FSP amends certain provisions in the AICPA Industry Audit guide, "Audits of Airlines" to prohibit the use of the accrue-in-advance method of accounting for planned major maintenance activities in annual and interim financial reporting periods and makes this guidance applicable to entities in all industries. The FSP is effective for the first fiscal year beginning after December 15, 2006 and requires retrospective application for all fiscal years presented in the financial statements upon adoption. Early adoption as of the beginning of an entity's fiscal year is permitted. We have not yet determined the impact of the adoption of FSP No. AUG AIR-1 on our consolidated financial statements.

On September 13, 2006, the Securities and Exchange Commission ("SEC") issued Staff Accounting Bulletin 108 ("SAB 108"). SAB 108 establishes an approach requiring the quantification of financial statement errors based on the effects of the error on each of an entity's financial statements and the related financial statement disclosures. This model is commonly referred to as a "dual approach" because it essentially requires quantification of errors under both of the widely-recognized methods for quantifying the effects of financial statement errors: the "roll-over" method and the "iron curtain" method. SAB 108 permits existing public companies to record the cumulative effect of initially applying the "dual approach" in the first year ending after November 15, 2006 by recording the necessary "correcting" adjustments to the carrying values of assets and liabilities as of the beginning of that year with the offsetting adjustment recorded to the opening balance of retained earnings. We do not anticipate that the adoption of SAB 108 will have a material effect on our financial statements or our results of operations.

In September 2006, the Financial Accounting Standards Board ("FASB") issued SFAS No. 158, "Employers' Accounting for Defined Benefit Pension and Other Postretirement Plans "an amendment of FASB Statements No. 87, 88, 106, and 132 (R) ("SFAS 158"). SFAS 158 requires an employer to recognize the over-funded or under-funded status of a defined benefit postretirement plan (other than a multiemployer plan) as an asset or liability in its statement of financial position and to recognize changes in that funded status in the year in which the changes occur through comprehensive income. SFAS 158 also requires the measurement of defined benefit plan assets and obligations as of the date of the employer's fiscal year-end statement of financial position (with limited exceptions). Under SFAS 158, the Company will be required to recognize the funded status of its defined benefit postretirement plan and to provide the required disclosures in its financial statements as of December 31, 2006. The Company does not anticipate that the adoption of SFAS 158 will have a material effect on the Company's results of operations or financial condition.

In September 2006, the FASB issued SFAS No. 157, "Fair Value Measurements". SFAS 157 prescribes a single definition of fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company is currently evaluating the impact, if any that SFAS 157 will have on its results of operations or financial position. SFAS 157 is effective for the Company beginning as of January 1, 2008.

Independent Auditors' Report

The Board of Directors
AeroTurbine, Inc.:

We have audited the accompanying combined balance sheet of AeroTurbine, Inc. and Affiliate (the Company) as of December 31, 2005, and the related combined statements of operations, shareholders' equity, and cash flows for the year then ended. These combined financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of AeroTurbine, Inc. and Affiliate as of December 31, 2005, and the results of their operations and their cash flows for the year then ended, in conformity with U.S. generally accepted accounting principles.

As discussed in Note 13 to the combined financial statements, on April 26, 2006, the Company was acquired by AerCap, Inc.

/s/ KPMG LLP

July 24, 2006
Miami, Florida
Certified Public Accountants

AEROTURBINE, INC. AND AFFILIATE

Combined Balance Sheet

December 31, 2005

Assets		
Current assets:		
Cash and cash equivalents	$	516,142
Accounts receivable:		
Trade, net of allowance of approximately $3,100,985		18,354,367
Notes receivable		78,258
Other receivables		923,325
Inventory		56,674,416
Other current assets		2,017,247
Total current assets		78,563,755
Equipment held for operating leases, net		118,494,824
Property and equipment, net		3,353,148
Deposits and other assets		1,475,991
Total assets	$	201,887,718
Liabilities and Shareholders' Equity		
Current liabilities:		
Current portion of loan payable—revolving credit facility	$	6,400,000
Accounts payable		2,371,812
Accrued expenses		3,978,223
Deferred revenue		1,136,435
Short-term lessee deposits		5,184,047
Total current liabilities		19,070,517
Long-term lessee deposits		467,000
Loan payable—revolving credit facility, less current portion		100,400,000
Total liabilities	$	119,937,517
Commitments and contingencies		
Shareholders' equity:		
Common stock:		
Series B, $0.001 par value. 45,000 shares authorized, issued, and outstanding	$	45
Common stock, no par value. 1,000 shares authorized, issued, and outstanding		1,000
Additional paid-in capital		9,572,641
Retained earnings		72,376,515
Total shareholders' equity		81,950,201
Total liabilities and shareholders' equity	$	201,887,718

See accompanying notes to combined financial statements.

AEROTURBINE, INC. AND AFFILIATE

Combined Statement of Operations

Year ended December 31, 2005

Revenue:		
Engine, aircraft, and parts sales	$	87,745,750
Engine and aircraft leasing		34,938,657
Total operating revenue		122,684,407
Cost of sales:		
Engine, aircraft, and parts sales		59,380,705
Engine and aircraft leasing		19,849,413
Total cost of sales		79,230,118
Gross profit		43,454,289
Selling, general, and administrative expenses		16,470,843
Income from operations		26,983,446
Other income (expenses):		
Interest expense		(7,613,674)
Interest income		7,561
Other income, net		915,180
Total other expenses		(6,690,933)
Net income	$	20,292,513
Pro forma net income (unaudited):		
Net income as reported	$	20,292,513
Pro forma for income taxes (Note 1(o))		(7,883,239)
Pro forma net income	$	12,409,274

See accompanying notes to combined financial statements.

AEROTURBINE, INC. AND AFFILIATE

Combined Statement of Shareholders' Equity

Year ended December 31, 2005

	Common stock				
	Series B	Common stock	Additional paid capital	Retained earnings	Total shareholders' equity
Balance at December 31, 2004	$ 45	$ 1,000	$ 999,955	$ 66,968,688	$ 67,969,688
Net income	—	—	—	20,292,513	20,292,513
Shareholder contributions	—	—	8,572,686	—	8,572,686
Shareholder distributions	—	—	—	(14,884,686)	(14,884,686)
Balance at December 31, 2005	$ 45	$ 1,000	$ 9,572,641	$ 72,376,515	$ 81,950,201

See accompanying notes to combined financial statements.

AEROTURBINE, INC. AND AFFILIATE

Combined Statement of Cash Flows

Year ended December 31, 2005

Cash flows from operating activities:		
Net income	$	20,292,513
Adjustments to reconcile net income to net cash used in operating activities:		
Unrealized derivative gain		(131,870)
Depreciation and amortization		5,915,121
Amortization of loan origination and other costs		930,896
Inventory scrap write-off		1,357,382
Impairment of equipment held for operating leases		1,909,062
Bad debt expense		1,410,434
Other		94,206
Change in operating assets and liabilities:		
Decrease (increase) in:		
Trade accounts and notes receivable		(9,112,972)
Inventories		(26,244,348)
Other current assets		1,401,997
Other receivables		(923,325)
Equipment held for operating lease, net		(27,070,070)
Deposits and other assets		(313,194)
Increase (decrease) in:		
Accounts payable		(1,326,312)
Accrued expenses		1,760,087
Deferred revenue		611,358
Lessee deposits		3,030,717
Net cash used in operating activities		(26,408,318)
Cash flows from investing activities:		
Purchase of property and equipment		(2,043,742)
Disposition of property and equipment		1,979
Net cash used in investing activities		(2,041,763)
Cash flows from financing activities:		
Net borrowings under credit facilities		36,800,000
Fees related to amended credit facilities		(429,970)
Proceeds from Bridge Loan		10,000,000
Repayment of Bridge Loan		(10,000,000)
Proceeds from shareholder loans		1,300,000
Payments on shareholder loans		(3,081,600)
Shareholder contributions		8,572,686
Shareholder distributions		(14,884,686)
Net cash provided by financing activities		28,276,430
Net decrease in cash and cash equivalents		(173,651)
Cash and cash equivalents at beginning of year		689,793
Cash and cash equivalents at end of year	$	516,142
Supplemental disclosures of cash flow information:		
Cash paid for interest	$	6,993,841

See accompanying notes to combined financial statements.

(1) Summary of Significant Accounting Policies and Practices

(a) Description of Business

AeroTurbine, Inc. (ATI) is a Delaware corporation engaged primarily in the distribution of turbojet aircraft, engines, and related parts as well as the sale, lease, and overhaul management of aircraft and engines to the commercial aviation industry worldwide.

AeroTurbine Capital Corp. (ATC) is a Florida corporation engaged primarily in the sale and lease of turbojet aircraft and engines. ATC was formed in 2002 by the shareholders of ATI and is considered an entity under common ownership with ATI. ATI and ATC are collectively referred to as the "Company".

As discussed in Note 13, the Company was acquired by AerCap, Inc. (AerCap) on April 26, 2006.

(b) Basis of Combination

The combined financial statements include the accounts of ATI and ATC. ATI and ATC are combined under the guidance in Accounting Research Bulletin No. 51, *Consolidated Financial Statements*. ATI and ATC are entities under common ownership and are related in their operations. All significant intercompany accounts and transactions have been eliminated in combination.

(c) Derivative Instruments

The Company accounts for derivatives and hedging activities in accordance with Statement of Financial Accounting Standard (SFAS) No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities* , as amended, which requires that all derivative instruments be recorded on the balance sheet at their respective fair values. The fair values were based on quotes provided by the respective bank counterparties.

Under the terms of the revolving credit facility, ATI was required to enter into interest rate swaps to mitigate the Company's exposure to changes in interest rates. Two swaps for $10,000,000 each were executed in January 2004, mature December 2006, and are based on the spread between one-month LIBOR rates and fixed rates of 2.58% and 2.67%, respectively. The interest rate swaps were not designated as hedging instruments under SFAS No. 133. The fair value of these swaps total $417,277 at December 31, 2005, and is included in other current assets. Changes in the fair value of the interest rate swaps, which amounted to a gain of $131,870 for the year ended December 31, 2005, are included as a component of interest expense in the accompanying combined statement of operations.

(d) Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. The Company's cash equivalents are held primarily in interest-bearing accounts.

(e) Accounts and Notes Receivable

Accounts receivable include amounts receivable from customers for parts sales, engine sales, and engine leases. Time and cycle charges related to aircraft and engine usage that were earned but unbilled are also included in accounts receivable and totaled $1,318,342 at December 31, 2005.

Notes receivable consist primarily of notes from the settlement of disputed customer accounts receivable. As of December 31, 2005, the Company had one non-interest bearing note receivable due in 2006.

The Company records a provision for doubtful receivables to allow for any amounts which may be unrecoverable and is based upon an analysis of the Company's prior collection experience, customer creditworthiness, and current economic trends.

(f) Inventory

Inventory is valued at the lower of cost or market. Cost is primarily determined using the specific identification method for individual part purchases and whole engines and on an allocated basis for dismantled engines, aircraft, and bulk inventory purchases using the relationship of the cost of the dismantled engine, aircraft, or bulk inventory purchase to estimated remaining sales value at the time of purchase. Inventories are comprised primarily of engines, aircraft and engine parts, rotables and expendables. Expenditures required for the recertification or betterment are capitalized in inventory and are expensed as the parts associated with such costs are sold.

(g) Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization is calculated on the straight-line method over the estimated useful lives of the property and equipment, ranging from 3 to 7 years. Leasehold improvements are amortized using the straight-line method over the shorter of the lease term, including anticipated renewal periods or the estimated useful life of the related asset. Repairs and maintenance expenditures are expensed as incurred, unless such expenses extend the useful life of the asset, in which case they are capitalized.

(h) Equipment Held for Operating Lease

Aircraft assets held for operating lease are stated at cost, less accumulated depreciation. Certain external professional fees incurred in connection with the acquisition and leasing of aircraft assets are capitalized as part of the cost of such assets. The Company depreciates current production model engines on a straight-line basis over a 15-year period from the acquisition date to an estimated residual value. Out-of-production engines are depreciated on a straight-line basis over an estimated useful life ranging from 5 to 7 years to an estimated residual value. The Company depreciates airframes to their residual value over the airframe's lease term or, if not on lease, the remaining life of the airframe based on a 25-year life from its manufactured date. Maintenance and repair costs for equipment held for operating lease is included in cost of sales for engine and aircraft leasing as incurred.

Cash flows related to equipment held for operating leases have been presented in the accompanying financial statements as operating activities. This conclusion is based on the guidance in SFAS No. 95, *Statement of Cash Flows*, whereby the predominant source of cash flows related to these assets is expected to be from the ultimate sale of these assets through the Company's parts business. In prior periods, the Company had presented these cash flows as investing activities. Therefore, the current year presentation of these cash flows differs from prior year presentation.

The Company classifies equipment held for operating lease as a long-term asset until such time as the asset is transferred to the inventory pool and held for sale through the Company's parts business.

(i) Impairment of Long-Lived Assets

In accordance with SFAS No. 144, *Accounting for the Impairment or Disposal of Long-Lived Assets* , long-lived assets such as property and equipment and equipment held for operating lease are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated undiscounted future cash flows, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset (see Note 5).

(j) Revenue Recognition

Sales from engine, aircraft, and parts sales are reported net of estimated returns and allowances. The reserve for returns and allowances is calculated as a percentage of sales based on historical return percentages. Sales and related cost of sales are recognized when title transfers primarily upon shipment of the product, when no significant contractual obligations remain and collection of the related receivable is reasonably assured. Revenue from equipment held for operating leases is recognized on a straight-line basis over the term of the lease. Certain of the Company's lease contracts call for billings in advance. Rentals received, but unearned are recorded as deferred revenue on the balance sheet. In addition to a monthly lease rate, some lease contracts require the lessee to pay supplemental rent based on the usage of the leased asset. Fees for such usage are recognized as revenue in the month of usage.

(k) Maintenance and Repair Costs

Maintenance and repair costs incurred based on the lease contract or for assets off lease are accounted for under the direct expense method, whereby scheduled maintenance and repair costs are expensed as incurred.

Maintenance and repair costs for equipment held for operating leases are generally the responsibility of the lessee. Under certain lease agreements, the Company is required to refund the lessee an amount equal to the major overhaul of an engine not to exceed the amount of the usage fee the Company collected from the lessee. Usage fees collected and not refunded during the lease term are not refundable at the end of the lease term. During the term of the lease, the Company maintains the right to approve the repair station and the right to approve the repairs or maintenance to be performed. The Company also has the option to exchange the engine requiring repair or maintenance with an engine that does not require repair or maintenance.

(l) Freight Costs

Freight costs are included in cost of sales in the accompanying combined statement of operations. Freight costs included in cost of sales were $1,251,325 for the year ended December 31, 2005.

(m) Disclosures About Fair Value of Financial Instruments

SFAS No. 107, *Disclosures About Fair Value of Financial Instruments*, requires disclosure of the fair value of certain financial instruments. Cash and cash equivalents, receivables, prepaids and other current assets, as well as accounts payable and accrued expenses as reflected in the combined financial statements, approximate fair value because of the short-term maturity of these instruments. The estimated fair value of debt instruments approximates their carrying amounts, as these debt instruments have variable interest rates.

(n) Income Taxes

The Company has elected S corporation status for federal income taxes purposes, and as such its earnings are not subject to U.S. federal income tax at the corporate level. Instead, the earnings of the Company are taxed at the shareholder level.

Effective on January 1, 2000, the shareholders of ATI elected to convert ATI from a C corporation to an S corporation for tax purposes. ATC was incorporated on November 19, 2002. The owners elected S corporation status for tax purposes at that time. Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities for the periods prior to the conversion to an S corporation are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. As a result of electing S corporation status, the net deferred tax liability of $1,308,500 at December 31, 1999 was eliminated.

C corporations that subsequently elect S corporation status may be subject to a corporate-level tax on the net unrealized built-in gain at the date of conversion that is realized over the ten-year period subsequent to the conversion. Because a corporation with net unrealized built-in gains may be subject to corporate level income taxes, it may be required to record a deferred tax liability related to such built-in gains. However, since the built-in gain will only be recognized if a built-in gain asset is disposed of during the ten-year period after conversion to S corporation status, it is possible that management can control recognition of any potential gain. It is within management's ability and they have the intent not to dispose of assets with significant built-in gains during the remaining post conversion period. Accordingly, no deferred tax liabilities have been recorded as of December 31, 2005.

(o) Pro forma Information (unaudited)

Pro forma adjustments are reflected on the combined statement of operations to provide for income taxes in accordance with SFAS No. 109, *Accounting for Income Taxes*, as if the Company had been a C corporation for the period presented. A combined statutory Federal and state effective tax rate of 38.85% was used for the pro forma enacted tax rate. Upon the completion of the acquisition of the Company by AerCap, as discussed in Note 13, the Company's S corporation status was terminated.

(2) Significant Risk and Uncertainties

(a) Use of Estimates

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenue and expenses and the disclosure of contingent assets and liabilities to prepare these combined financial statements in conformity with U.S. generally accepted accounting principles. Actual results could differ from those estimates.

(b) Geographic Data

Engine, aircraft, and parts sales revenue, and engine and aircraft leasing revenue is attributable to countries based on the location of the customer. The following summarizes the geographic data related to engine, aircraft, and parts sales, and engine and aircraft leasing revenue for the year ended December 31, 2005:

Engine, aircraft, and parts sales:		
United States	$	58,987,774
Brazil		6,549,281
Ireland		5,964,115
Colombia		5,094,449
Other countries		11,150,131
	$	87,745,750
Engine and aircraft leasing:		
Brazil	$	11,326,874
United States		5,711,712
Canada		3,692,613
Indonesia		2,966,225
Colombia		2,708,605
Other countries		8,532,628
	$	34,938,657

(c) Concentrations of Risk

Financial instruments that potentially subject the Company to credit risk principally consist of cash and cash equivalents and trade and notes receivables.

Cash—The Company at times maintains cash balances in excess of amounts insured by U.S. federal agencies.

Trade and notes receivables—The Company sells to a variety of customers worldwide. For certain transactions and customers not requiring payment in full prior to shipment of goods, the Company extends credit based on an evaluation of the customer's financial condition. The Company monitors exposure to credit losses and maintains an allowance for bad debts. At December 31, 2005, ten customers accounted for 57% of trade receivables, of which one customer accounted for 17%. Ten

customers accounted for 82% of engine, aircraft, and parts sales revenue for the year ended December 31, 2005. Three customers individually accounted for 17%, 13%, and 10% respectively, of the engine, aircraft, and parts sales revenue for the year ended December 31, 2005. Five customers accounted for 62% of engine and aircraft leasing revenue for the year ended December 31, 2005. One customer accounted for 32% of the engine and aircraft leasing revenue.

(d) Interest Rate Risk

To mitigate exposure to interest rate changes, the Company has entered into two interest rate swap agreements. As of December 31, 2005, such swap agreements had notional values totaling $20,000,000 and were based on the spread between one-month LIBOR rates and fixed rates of 2.58% and 2.67%, respectively. Both interest rate swaps have remaining terms of approximately 12 months (see Note 1(c)).

The Company is impacted by the general economic conditions of the aviation industry and is also subject to regulation by various governmental agencies with responsibilities over civil aviation. Increased regulations imposed by organizations such as the Federal Aviation Administration may significantly affect industry operations.

(3) Inventory

Inventory consists of the following at December 31, 2005:

Engine and airframe parts	$	45,391,248
Work-in-process		3,101,041
Airframes		400,000
Engines		7,782,127
	$	56,674,416

The Company's entire inventory serves as collateral for the Credit Facility.

(4) Property and Equipment

Property and equipment, net consists of the following at December 31, 2005:

Furniture, fixtures, and computer equipment	$	570,688
Engine stands		511,092
Building and leasehold improvements		64,300
Machinery and equipment		1,580,208
Automobiles		19,422
Construction in progress		1,850,010
		4,595,720
Less accumulated depreciation and amortization		(1,242,572)
	$	3,353,148

(4) Property and Equipment (continued)

Construction in progress consists primarily of incurred costs related to the improvements on the office section of the building being leased from a related party. A significant portion of the construction was completed by the end of May 2006, allowing the Company to occupy the space. Amounts will be reclassified in the subsequent period to the appropriate asset accounts and depreciated over the life of the lease or the estimated useful life, whichever is shorter. Depreciation and amortization expense amounted to $313,446 for the year ended December 31, 2005 and is included in selling, general, and administrative expenses.

(5) Equipment Held for Operating Leases

Equipment held for operating leases, net, primarily aircraft and engines, consists of the following at December 31, 2005:

Equipment held for operating leases	$	140,153,877
Less accumulated depreciation		(21,659,053)
	$	118,494,824

Depreciation expense amounted to $5,601,675 for the year ended December 31, 2005 and is included in cost of sales for engine and aircraft leasing.

During 2005, five engines were determined to be impaired based on an analysis of the expected realizable value compared to the carrying value. An impairment charge of $1,909,062, the amount the carrying value exceeded the realizable value, is included in cost of sales for engine and aircraft leasing in the accompanying combined statement of operations.

(6) Accrued Expenses

The following is a summary of the components of accrued expenses as of December 31, 2005:

Accrued engine repair and maintenance costs	$	3,069,036
Accrued compensation and related benefits		496,377
Accrued professional fees		202,065
Other		210,745
	$	3,978,223

(7) Credit Facilities

ATI was party to a $65 million credit agreement (the Credit Facility) with several banks and financial institutions with Wachovia Bank as administrative agent and National City Bank as syndication agent. The Credit Facility had a Maturity Date of December 29, 2006, and was secured by significantly all assets of ATI and was guaranteed jointly and severally by the shareholders of ATI. As discussed below and in Note 12, the entire outstanding balance of the Credit Facility was refinanced in 2006.

On October 15, 2004, the bank syndication group amended the line of credit of the Credit Facility to $120 million (the First Amendment). On May 20, 2005, the Credit Facility was amended by the Second Amendment to the Credit Facility (the Second Amendment). The Second Amendment amended the eligible borrowing base equipment and parts, as well as certain administrative sections of the Credit Facility.

The Credit Facility allowed for alternate base rate borrowings, swingline borrowings, and LIBOR borrowings. Interest rates varied over the life of the credit facility based on certain financial ratios maintained by ATI. For the alternate base rate loan, the rates varied from prime rate plus zero basis points to prime rate plus 100 basis points. Swingline and LIBOR borrowing interest rates varied from LIBOR plus 275 basis points to LIBOR plus 375 basis points (at December 31, 2005 the rate was LIBOR plus 325 basis points). At December 31, 2005, ATI had $106,800,000 outstanding of which $93,000,000 were LIBOR borrowings, $13,500,000 were alternate base rate borrowings and $300,000 were swingline borrowings, with interest rates of 7.63%, 7.75%, and 7.75%, respectively. The only required payments prior to the maturity date were interest payments.

Under the Credit Facility, an annual commitment fee of 50 basis points was charged on the unused portion of the Credit Facility (excluding swingline borrowings), which was $13,500,000 at December 31, 2005. Utilization fees of $127,944 were paid in 2005.

Loan origination and other costs related to the execution of the Credit Facility were $1,363,674. An additional $539,018 in loan origination and other costs were incurred in the First Amendment of the Credit Facility. An additional $331,252 in loan origination and other costs were incurred in the Second Amendment of the Credit Facility. These costs are included in other current assets and are being amortized over the life of the Credit Facility. Amortization expense for 2005 was $832,178 and is included in interest expense.

On March 25, 2005, the Company entered into a $10,000,000 bridge loan agreement (Bridge Loan) which matured on June 23, 2005 with Wachovia Bank. The proceeds from the Bridge Loan were used to finance the acquisition of an aircraft. The Bridge Loan was secured by the aircraft and shareholder guarantees. Under the terms of the loan, principal payments were due to Wachovia if the aircraft or any engine or parts were sold. On June 22, 2005, the remaining principal balance was paid off.

The interest rate on the Bridge Loan was LIBOR plus 3.75% with interest payable in arrears at maturity. Interest expense for the Bridge Loan amounted to $140,609 for the year ended December 31, 2005.

Loan origination and other costs associated with the execution of the Bridge Loan totaled $98,718, all of which is included in interest expense in the operating results of the Company.

Subsequent to year end, the Company refinanced the entire outstanding balance of the Credit Facility which was scheduled to mature in 2006. As of December 31, 2005, $6,400,000 of the outstanding debt obligation is classified as current based on the refinanced term-loan amortization payments required in 2006. In accordance with SFAS No. 6, *Classification of Short-Term Obligations Expected to Be Refinanced—An amendment of ARB No. 43, Chapter 3A*, the balance of the outstanding debt obligation is classified as long-term based on the refinancing of currently maturing debt obligations with long-term debt obligations (see Note 13).

(8) Shareholders' Equity

Shares of common stock outstanding and the additional paid-in capital by combined entity as of December 31, 2005 are as follows:

	ATI	ATC	Combined
Common stock—Series B	$ 45	—	45
Common stock	$ —	1,000	1,000
Additional paid-in capital	$ 999,955	8,572,686	9,572,641

(9) Related-Party Transactions

The Company, in the normal course of its operations, engages in transactions with certain of its shareholders or their affiliates. Transactions for the year ended December 31, 2005 were for rent and related expenses of $1,278,399.

As further described in Note 11(a), the Company leases its Florida headquarters and warehouse from an entity owned by the shareholders of the Company.

On September 9, 2004, the shareholders of the Company loaned ATC $2,810,000 to be used as a deposit guarantee on the performance of ATI related to an aircraft and engine purchase agreement. The notes were repaid as ATI made payments under the agreement. In 2005, all required payments were made under the purchase agreement and the loan balances were paid in full.

On March 25, 2005, the shareholders of the Company loaned ATC $1,300,000 to be used along with amounts financed to purchase an aircraft. In addition to funding a portion of the amounts required to purchase the aircraft, the shareholders each personally guaranteed the Company's performance under the loan. The loans were repaid in June 2005.

(10) Employee Benefit Plan

In 2005, the Company instituted a defined contribution plan. The defined contribution plan is a profit sharing plan intended to qualify as a 401(k) plan under the Internal Revenue Code. The 401(k) plan is a contributory plan available to employees, who at the end of their first 12 consecutive months of employment with the Company, have been credited with at least 1,000 hours of service. If at the end of the first consecutive 12 months the employee has not been credited with 1,000 hours of service, the employee will meet the requirement once they complete the required hours of service during any plan year. In 2005, the Company's matching contributions to the defined contribution plan were 3% of pre-tax earned salary or wages and totaled $124,163.

(11) Commitments and Contingencies

(a) Leases

Operating Leases as Lessee

The Company leases its Florida headquarters and warehouse under a non-cancelable operating lease which expires December 31, 2013. This lease is with a related party that is controlled by the same shareholders of the Company. For the year ended December 31, 2005, total rent and related expense approximated $1,319,579, of which $1,278,399 was with a related party for the year ended December 31, 2005.

At December 31, 2005, future minimum lease rental payments, primarily with a related party, are as follows:

Year ending December 31:	
2006	$ 898,800
2007	898,800
2008	898,800
2009	898,800
2010	898,800
2011 and thereafter	2,696,400
	$ 7,190,400

The lease was amended in March 2006 to provide that the lease rental amounts will be adjusted to a current fair market rent level beginning on January 1, 2007. Additionally, commencing on January 1, 2008, and January 1 of each rental year thereafter, rent for the premises shall increase or decrease based on the percentage change in the U.S. Department of Labor Consumer Price Index. The minimum lease payments in the above table do not reflect these changes because the current fair market value has not been determined.

Operating Leases as Lessor

One of the Company's product offerings is the leasing of aircraft and engines. These lease agreements provide for a fixed time charge plus variable charge for usage. The remaining lease term on lease agreements outstanding as of December 31, 2005 ranges from 1 to 49 months.

Contingent rental fees related to usage were $14,503,504 in 2005.

The amounts in the following table are based upon the assumption that equipment under operating leases will remain on lease for the length of time specified by the respective lease agreements.

At December 31, 2005, future minimum lease receipts, which exclude contingent rentals, are as follows:

Year ended December 31:	
2006	$ 4,109,662
2007	1,014,000
2008	504,484
2009	474,000
2010	1,274
	$ 6,103,420

(b) Management Compensation

As described in Note 13, the shareholders of the Company sold their shares to AerCap on April 26, 2006. As part of the sale agreement, the shareholders entered into four-year employment contracts with the Company and also entered into two-year non-compete agreements, commencing upon the shareholder's separation from the Company.

Certain management entered into employment agreements with ATI in 2005. The contracts are for a period of three years and include a change in control bonus payable upon such an event and retention bonuses payable in three annual installments after the change in control event occurs, if the employee is employed on those payment dates. The contracts include two-year non-compete clauses commencing upon the employee's separation from the Company for any reason.

(c) Litigation

The Company is a party to various claims and legal actions arising in the ordinary course of business. In the opinion of management, although the outcome of any legal proceedings cannot be predicted with certainty, the ultimate disposition of these matters will not have a material adverse effect on the Company's financial position, results of operations, or liquidity.

(d) Purchase Commitments

On December 22, 2005, the Company entered into a contract with Midwest Airlines to purchase two MD-81 aircraft for $1,100,000 each. As of December 31, 2005, one of the aircraft had been delivered. The remaining aircraft was delivered May 18, 2006.

(12) Accounting Pronouncements

In November 2004, the Financial Accounting Standards Board (FASB) issued SFAS No. 151, *Inventory Costs—An Amendment of ARB No. 43, Chapter 4*. SFAS No. 151 clarifies that abnormal inventory costs, such as costs of idle facilities, excess freight and handling costs, and wasted materials (spoilage) are required to be recognized as current period charges. Additionally, SFAS No. 151 requires that the allocation of fixed production overheads to the costs of conversion be based on the normal capacity of the production facility. The provisions of SFAS No. 151 are effective for the Company's fiscal year beginning January 1, 2006. The Company does not expect the adoption of SFAS No. 151 to have any impact on the Company's combined financial position or results of operations.

In December 2004, the FASB issued SFAS No. 153, *Exchanges of Nonmonetary Assets—An Amendment of APB Opinion No. 29, Accounting for Nonmonetary Transactions.* SFAS No. 153 eliminates the exception from fair value measurement for nonmonetary exchanges of similar productive assets in paragraph 21(b) of Accounting Principles Board Opinion No. 29, *Accounting for Nonmonetary Transactions*, and replaces it with an exception for exchanges that do not have commercial substance. SFAS No. 153 specifies that a nonmonetary exchange has commercial substance if the future cash flows of the entity are expected to change significantly as a result of the exchange. The provisions of SFAS No. 153 are effective for the Company's fiscal year beginning January 1, 2006. The Company does not expect the adoption of SFAS No. 153 to have any impact on the Company's combined financial position or results of operations.

On May 31, 2006, the FASB issued proposed FASB Staff Position (FSP) AUG AIR-a, *Accounting for Planned Major Maintenance Activities*. The FSP addresses the accounting for planned major maintenance activities. This FSP amends certain provisions in the American Institute of Certified Public Accountants Industry Audit Guide, *Audits of Airlines* (the Airline Guide). The Airline Guide allows four accounting methods related to planned major maintenance (overhaul) activities: direct expense method, built-in overhaul method, deferral method, and the accrual method. The proposed FSP will prohibit the use of the accrue-in-advance method of accounting for planned major maintenance activities. The Company's current accounting policy for planned major maintenance is the

direct expense method, one of the three acceptable methods. If approved as proposed, the Company does not believe it will have a material impact on its combined financial position or results of operations. If approved, the effective date of adoption would be for the first fiscal year beginning after December 31, 2006.

(13) Subsequent Events

ATI and ATC have common ownership, but at December 31, 2005 did not have any direct interest in each other. On March 31, 2006, the owners of ATC contributed their shares of ATC to ATI, with ATC becoming a wholly owned subsidiary of ATI.

On March 17, 2006, the shareholders of the Company entered into an agreement with AerCap to sell 100% of their shares of ATI stock, subject to certain closing conditions and governmental approvals. The sale was completed on April 26, 2006.

AerCap provides aircraft leasing to airlines, and asset management services to aircraft owners and investors on a global basis.

The Company will operate as a wholly owned subsidiary of AerCap. As part of the sale agreement, the shareholders have entered into long-term employment contracts.

Also on April 26, 2006, the Company replaced its existing Credit Facility with new credit facilities (the New Credit Facilities) with several banks and financial institutions with Calyon as administrative agent and HSH Nordbank AG as syndication agent. The New Credit Facilities consist of a $160 million senior secured term loan (the Term Loan), a $171 million senior revolver loan (the Revolver) and a $15 million junior loan (the Junior Loan).

The Term Loan and Revolver are secured by significantly all assets of the Company. The Junior Loan has subordinated rights in all assets of the Company and is guaranteed by AerCap B.V., the ultimate parent company of AerCap. The New Credit Facilities mature on April 26, 2011.

The Term Loan amortizes at a minimum rate of 2% per quarter ($3,200,000). To the extent that the eligible assets of the Company are less than the outstanding balance of the Term Loan and the Revolver, additional principal payments may be due.

Minimum principal payments on the term loan are as follows:

Year ended December 31:	
2006	$ 6,400,000
2007	12,800,000
2008	12,800,000
2009	12,800,000
2010	12,800,000
2011	102,400,000
	$ 160,000,000

As part of the New Credit Facilities, the Company is required to enter into an interest rate swap with a notional value of $60,000,000 for the period July 15, 2006 through July 15, 2008, with a step up in notional value to $80,000,000 on January 15, 2007. Under the terms of the swap, the Company pays 5.3825% and receives three month LIBOR. There are certain covenants in the New Credit Facilities which can trigger a default by the Company.

AerCap Holdings N.V.

Ordinary Shares

Prospectus

Morgan Stanley

Goldman, Sachs & Co.

Lehman Brothers

Merrill Lynch & Co.

UBS Investment Bank

Wachovia Securities

JPMorgan

Citigroup

Calyon Securities (USA) Inc.

, 2006

PART II
INFORMATION NOT REQUIRED IN THE PROSPECTUS

Expenses of Issuance and Distribution

The expenses, other than underwriting commissions, expected to be incurred by AerCap Holdings N.V. and the selling shareholders in connection with the issuance and distribution of the securities being registered under this Registration Statement are estimated to be as follows:

	AerCap Holdings N.V.	Selling Shareholders
SEC registration fee	$ 20,000	$ 57,000
National Association of Securities Dealers, Inc. filing fee	19,000	54,000
New York Stock Exchange listing fee	46,000	129,000
Printing and engraving costs	221,000	628,000
Legal fees and expenses	673,000	1,910,000
Accounting fees and expenses	2,727,000	—
Transfer agent fees	1,000	3,000
Miscellaneous	661,000	1,877,000
Total	$ 4,368,000	$ 4,658,000

Item 6. Indemnification of Directors and Officers.

We have a directors and officers liability insurance policy which insures directors and officers against the cost of defense, settlement or payment of claims and judgments under some circumstances. We have also entered into indemnity agreements with each of our board members in which we agree to hold each of them harmless, to the extent permitted by law, from damage resulting from a failure to perform or a breach of duties by our board members, and to indemnify each of them for serving in any capacity for the benefit of the company, except in the case of willful misconduct or gross negligence in certain circumstances.

Although Netherlands law does not contain any provisions with respect to the indemnification of officers and directors, the concept of indemnification of directors of a company for liabilities arising from their actions as members of the executive or supervisory boards is, in principle, accepted in The Netherlands. AerCap's Articles of Association provide for indemnification of directors and officers by the company to the fullest extent permitted by Netherlands law against liabilities, expenses and amounts paid in settlement relating to claims, actions, suits or proceedings to which a director becomes a party as a result of his or her position.

The indemnification provided above is not exclusive of any rights to which any of our directors or officers may be entitled. The general effect of the forgoing provisions may be to reduce the circumstances in which a director or officer may be required to bear the economic burdens of the forgoing liabilities and expenses.

The underwriting agreement for this offering filed as Exhibit 1.1 to this registration statement provides that the underwriters are obligated, under certain circumstances, to indemnify our officers and directors and their respective controlling persons against certain liabilities, including liabilities under the Securities Act of 1933.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers or persons controlling the registrant pursuant to the foregoing provisions, the registrant has been informed that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is therefore unenforceable.

Item 7. Recent Sales of Unregistered Securities.

In connection with the acquisition of AerCap B.V. by AerCap Holdings C.V. in June 2005, investment funds affiliated with Cerberus Capital Management, L.P. indirectly invested approximately $370 million to purchase partnership interests in AerCap Holdings C.V. through certain Luxembourg entities. Eight members of our senior management also participated in an aggregate of 0.4% of such investment. All issuances of securities in connection with such purchases took place in private transactions exempt from registration under either Section 4(2) or Regulation S of the Securities Act of 1933, as amended.

Item 8. Exhibits and Financial Statement Schedules.

(a) *Exhibits*.

Exhibit Number	Description of Exhibit
1.1	Form of Underwriting Agreement*
3.1	Articles of Association*
4.1	Specimen Share Certificate*
5.1	Opinion of NautaDutilh NV regarding legality of the ordinary shares*
10.1	Aircraft Purchase Agreement, dated December 30, 2005, between Airbus S.A.S. and Aer Venture Limited(1)*
10.2	Credit Agreement, dated April 26, 2006, among AerFunding 1 Limited, AerCap Ireland Limited, UBS Real Estate Securities Inc. and other financial institutions named as Class A Lenders, Class B Lenders, and Class C Lenders, UBS Securities LLC, the other Funding Agents named therein and Deutsche Bank Trust Company Americas
10.3	Security Trust Agreement, dated April 26, 2006, among Aerfunding 1 Limited, the additional grantors referred to therein as grantors, UBS Securities LLC and Deutsche Bank Trust Company Americas
10.4	Guarantee and Collateral Agreement, dated April 26, 2006, among AeroTurbine, Inc., The Subsidiary Guarantors of AeroTurbine, Inc., the borrower's party thereto and Calyon New York Branch
10.5	Aircraft Asset Security Agreement, dated April 26, 2006, among AeroTurbine, Inc. The Subsidiary Guarantors of AeroTurbine, Inc., the borrower's party thereto, the trusts party thereto, as trusts and Calyon New York Branch
10.6	Senior Credit Agreement, dated as of April 26, 2006, among AerCap AT, Inc., as Borrower, the Several Lenders from time to time as Parties thereto, Calyon New York Branch, as Administrative Agent, HSH Nordbank AG, as Syndication Agent and Wachovia Bank N.A. and National City Bank, as Co-Documentation Agents
10.7	Pledge Agreement, dated April 26, 2006, between AerCap, Inc., and Calyon New York Branch
10.8	Joint Venture Agreement, dated December 30, 2005, among AerCap Ireland Limited, International Cargo Airlines Company KSC and AerVenture Limited
10.9	Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Nicolas Finazzo, Rose Ann Finazzo and Robert B. Nichols

10.10 Facility Agreement, dated April 23, 2003, among the Banks and Financial Institutions named therein as ECA Lenders, the Banks and Financial Institutions named therein as Mismatch Lenders, Credit Lyonnais, Kreditanstalt Für Wiederaufbau, Sunrise Leasing Limited, Sundance Leasing Limited, Sunray Leasing Limited, Sunshine Leasing Limited, Sunglow Leasing Limited, Sunflower Aircraft Leasing Limited, Debis Aircraft Leasing XXX B.V. and Debis AirFinance B.V.

10.11 Senior Facility Agreement, dated October 12, 2006, between AerCap Dutch Aircraft Leasing I B.V., Calyon and the financial institutions named therein

10.12 Sale and Purchase Agreement regarding the acquisition of all shares in and certain loans and facilities granted to debis AirFinance B.V. by and between DaimlerChryslter Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW and FERN S.a r.l. as amended by the Amendment Agreement dated June 29, 2005 by and between the DaimlerChrysler Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW, FERN S.a r.l., FERN GP S.a r.l. and AerCap Holdings C.V.

10.13 AerCap Holdings N.V. 2006 Equity Incentive Plan (including form of Stock Option Agreement)

21.1 List of Subsidiaries of AerCap N.V.

23.1 Consent of PricewaterhouseCoopers Accountants N.V.

23.2 Consent of KPMG LLP

23.3 Consent of NautaDutilh NV (included in Exhibit 5.1)*

23.4 Consent of Simat, Helliesen & Eichner, Inc.

24.1 Power of Attorney (included as part of the signature page)

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* To be filed by amendment.

(1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment submitted to the Securities and Exchange Commission under separate cover.

Item 9. Undertakings.

(1) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted against the registrant by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

(2) The undersigned registrant hereby undertakes that:

(a) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective.

(b) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new Registration Statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) The undersigned hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, AerCap Holdings N.V. certifies that it has reasonable grounds to believe that it meets all of the requirements for filing on Form F-1 and has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Amsterdam, The Netherlands on October 31, 2006.

AERCAP HOLDINGS N.V.

By: /s/ KLAUS HEINEMANN

Name: Klaus Heinemann
Title: Chief Executive Officer
(Principal Executive Officer)

POWER OF ATTORNEY

We, the undersigned officers and directors of AerCap Holdings N.V., hereby severally constitute and appoint James N. Chapman, Klaus W. Heinemann and Robert G. Warden and each of them, our true and lawful attorneys-in-fact, with full power of substitution, for them, together or individually, in any and all capacities, to sign for us and in our names the Registration Statement on Form F-1 filed herewith and any and all pre-effective and post-effective amendments to said Registration Statement (including, without limitation, any additional registration statement filed pursuant to Rule 462 under the Securities Act of 1933) with respect hereto and to file the same, with exhibits thereto and other documents in connection therewith, with the Securities and Exchange Commission, hereby ratifying and confirming all that said attorneys-in-fact, or his substitute or substitutes, may do or cause to be done by virtue hereof.

Pursuant to the requirement of the Securities Act of 1933, this Registration Statement has been signed by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/s/ PIETER KORTEWEG Pieter Korteweg	Chairman of the Board of Directors	October 31, 2006
/s/ KLAUS HEINEMANN Klaus Heinemann	Chief Executive Officer	October 31, 2006
/s/ RONALD J. BOLGER Ronald J. Bolger	Non-Executive Director	October 31, 2006
/s/ JAMES N. CHAPMAN James N. Chapman	Non-Executive Director	October 31, 2006

/s/ W. BRETT INGERSOLL		
W. Brett Ingersoll	Non-Executive Director	October 31, 2006
/s/ MARIUS J.L. JONKHART		
Marius J.L. Jonkhart	Non-Executive Director	October 31, 2006
/s/ KEITH A. HELMING		
Keith A. Helming	Chief Financial Officer	October 31, 2006
/s/ COLE T. REESE		
Cole T. Reese	Chief Accounting Officer	October 31, 2006
/s/ GERALD P. STRONG		
Gerald P. Strong	Non-Executive Director	October 31, 2006
/s/ DAVID J. TEITELBAUM		
David J. Teitelbaum	Non-Executive Director	October 31, 2006
/s/ ROBERT G. WARDEN		
Robert G. Warden	Non-Executive Director	October 31, 2006
/s/ DONALD PUGLISI	Authorized Representative in the United States	October 31, 2006
Donald Puglisi		

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10.6	Senior Credit Agreement, dated as of April 26, 2006, among AerCap AT, Inc., as Borrower, the Several Lenders from time to time as Parties thereto, Calyon New York Branch, as Administrative Agent, HSH Nordbank AG, as Syndication Agent and Wachovia Bank N.A. and National City Bank, as Co-Documentation Agents
10.7	Pledge Agreement, dated April 26, 2006, between AerCap, Inc., and Calyon New York Branch
10.8	Joint Venture Agreement, dated December 30, 2005, among AerCap Ireland Limited, International Cargo Airlines Company KSC and AerVenture Limited
10.9	Stock Purchase Agreement, dated March 16, 2006, among AerCap, Inc. and Nicolas Finazzo, Rose Ann Finazzo and Robert B. Nichols
10.10	Facility Agreement, dated April 23, 2003, among the Banks and Financial Institutions named therein as ECA Lenders, the Banks and Financial Institutions named therein as Mismatch Lenders, Credit Lyonnais, Kreditanstalt Für Wiederaufbau, Sunrise Leasing Limited, Sundance Leasing Limited, Sunray Leasing Limited, Sunshine Leasing Limited, Sunglow Leasing Limited, Sunflower Aircraft Leasing Limited, Debis Aircraft Leasing XXX B.V. and Debis AirFinance B.V.
10.11	Senior Facility Agreement, dated October 12, 2006, between AerCap Dutch Aircraft Leasing I B.V., Calyon and the financial institutions named therein

10.12	Sale and Purchase Agreement regarding the acquisition of all shares in and certain loans and facilities granted to debis AirFinance B.V. by and between DaimlerChrysler Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW and FERN S.a r.l. as amended by the Amendment Agreement dated June 29, 2005 by and between the DaimlerChrysler Services AG, DaimlerChrysler Aerospace AG, DaimlerChrysler AG, Bayerische Hypo- und Vereinsbank AG, HVB Banque Luxembourg SA, Bayerische Landesbank, BLB Beteiligungsgesellschaft Beta mbH, Dresdner Bank AG, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, DZ Beteiligungsgesellschaft mbH Nr. 6, KfW, FERN S.a r.l., FERN GP S.a r.l. and AerCap Holdings C.V.
10.13	AerCap Holdings N.V. 2006 Equity Incentive Plan (including form of Stock Option Agreement)
21.1	List of Subsidiaries of AerCap N.V.
23.1	Consent of PricewaterhouseCoopers Accountants N.V.
23.2	Consent of KPMG LLP
23.3	Consent of NautaDutilh NV (included in Exhibit 5.1)*
23.4	Consent of Simat, Helliesen & Eichner, Inc.
24.1	Power of Attorney (included as part of the signature page)

* To be filed by amendment.

(1) Portions of this exhibit have been omitted pursuant to a request for confidential treatment submitted to the Securities and Exchange Commission under separate cover.

QuickLinks

Exhibit 10.2

Execution Version

CREDIT AGREEMENT

dated as of April 26, 2006

among

AERFUNDING 1 LIMITED,
as Borrower,

AERCAP IRELAND LIMITED
individually and as Servicer,

THE OTHER SERVICE PROVIDERS NAMED HEREIN,

UBS REAL ESTATE SECURITIES INC.
and
THE OTHER FINANCIAL INSTITUTIONS NAMED HEREIN AS CLASS A LENDERS,
as Class A Lenders,

UBS REAL ESTATE SECURITIES INC.
and
THE OTHER FINANCIAL INSTITUTIONS NAMED HEREIN AS CLASS B LENDERS,
as Class B Lenders,

UBS REAL ESTATE SECURITIES INC.
and
THE OTHER FINANCIAL INSTITUTIONS NAMED HEREIN AS CLASS C LENDERS,
as Class C Lenders,

UBS SECURITIES LLC,
as Administrative Agent,

UBS SECURITIES LLC
as UBS Funding Agent,

THE OTHER FUNDING AGENTS NAMED HEREIN,
as Other Funding Agents,

and

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent and Account Bank,

TABLE OF CONTENTS

CREDIT AGREEMENT

THIS CREDIT AGREEMENT is made and entered into as of April 26, 2006 among AERFUNDING 1 LIMITED, an exempted company organized and existing under the laws of Bermuda (the "Borrower"), AERCAP IRELAND LIMITED, a limited company incorporated and existing under the laws of Ireland ("AerCap"), as primary servicer under the Servicing Agreement (AerCap in such capacity, or any successor servicer appointed pursuant to Section 12.3 hereof, the "Servicer"), AERCAP ADMINISTRATIVE SERVICES LIMITED, a limited company incorporated and existing under the laws of Ireland ("AASL"), individually and as primary administrative agent under the Service Provider Administrative Agency Agreement (AASL in such capacity, or any successor primary administrative agent appointed pursuant to Section 12.3 hereof, the "Service Provider Administrative Agent"), AERCAP CASH MANAGER II LIMITED, a limited company incorporated and existing under the laws of Ireland ("ACML"), individually and as financial administrative agent under the Service Provider Administrative Agency Agreement (ACML in such capacity, or any successor financial administrative agent appointed pursuant to Section 12.3 hereof, the "Financial Administrative Agent"), and as cash manager under the Cash Management Agreement (ACML in such capacity, or any successor cash manager appointed pursuant to Section 12.3 hereof, the "Cash Manager"), and as insurance servicer under the Servicing Agreement (ACML in such capacity, or any successor financial administrative agent appointed pursuant to Section 12.3 hereof, the "Insurance Servicer"), UBS REAL ESTATE SECURITIES INC. ("UBSRESI") and THE OTHER FINANCIAL INSTITUTIONS THAT BECOME PARTIES HERETO AS CLASS A LENDERS (together with any permitted successors and assigns, "Class A Lenders"), UBSRESI and THE OTHER FINANCIAL INSTITUTIONS THAT BECOME PARTIES HERETO AS CLASS B LENDERS (together with any permitted successors and assigns, "Class B Lenders"), UBSRESI and THE OTHER FINANCIAL INSTITUTIONS THAT BECOME PARTIES HERETO AS CLASS C LENDERS (together with any permitted successors and assigns, "Class C Lenders" and, together with the Class A Lenders and the Class B Lenders, the "Lenders"), UBS SECURITIES LLC ("UBSS"), as agent (UBSS in such capacity, the "Administrative Agent") for the Lenders, UBSS as funding agent (UBSS in such capacity, the "UBS Funding Agent") for the UBS Funding Group (as defined below), each Other Funding Agent (as defined below) as funding agent for its related Other Funding Group (as defined below), and DEUTSCHE BANK TRUST COMPANY AMERICAS, in its capacity as Collateral Agent (as defined below) and in its capacity as Account Bank (as defined below).

W I T N E S S E T H :

WHEREAS, the parties hereto intend to enter into this Agreement on the terms and conditions specified herein;

NOW THEREFORE, for good and valuable consideration, the adequacy, receipt and sufficiency of which are hereby acknowledged, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.1 Defined Terms. As used in this Agreement, the following terms have the following meanings:

"AASL" has the meaning set forth in the Preamble.

"ABS Transaction" means an issuance, whether by public offering or private placement (whether under Rule 144A promulgated under the Securities Act of 1933 or otherwise), by any special purpose corporation, trust or other entity of any asset-backed securities secured by, or representing an interest in, any Aircraft Assets, and/or beneficial interests in any Borrower Subsidiaries, which Aircraft Assets, and/or beneficial interests in Borrower Subsidiaries, shall have been transferred to such special purpose corporation, trust or other entity by the Borrower and/or certain Borrower Subsidiaries.

"Account Bank" means initially Deutsche Bank Trust Company Americas and any successor or replacement thereof.

"ACML" has the meaning set forth in the Preamble.

"Additional Advance Commitment Period" means the period commencing on the Closing Date and ending on the Conversion Date.

"Additional Advance Date" has the meaning set forth in Section 2.1(g)(i).

"Additional Advance Request" has the meaning set forth in Section 2.2(b).

"Additional Advances" has the meaning set forth in Section 2.1(f).

"Additional Class A Advances" has the meaning set forth in Section 2.1(d).

"Additional Class B Advances" has the meaning set forth in Section 2.1(e).

"Additional Class C Advances" has the meaning set forth in Section 2.1(f).

"Additional Lease" means a Lease of an Additionally Financed Aircraft that is listed as an "Additional Lease" on Schedule III hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time.

"Additionally Financed Aircraft" means an Aircraft with respect to which an Advance (other than an Improvement Advance) is made subsequent to the Initial Advance Date and which is listed as an "Additionally Financed Aircraft" on Schedule I hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time.

"Adjusted Appraised Base Value" means, as of any date of determination, with respect to an individual Aircraft, its adjusted appraised value determined by the following calculation to reflect straight line depreciation using the Applicable Useful Life of such Aircraft to a "zero" assumed residual/salvage value:

$$IABV - [((IABV) / (AUL - M)) \times N]$$

where:

IABV	=	the Applicable Initial Appraised Base Value of such Aircraft;
AUL	=	the Applicable Useful Life of such Aircraft in months;
M	=	the number of months elapsed between the date of manufacture of such Aircraft (or, if applicable, the Freighter Conversion Effective Date) and the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance is made with respect to such Aircraft); and
N	=	the number of months elapsed since the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance was made with respect to such Aircraft), to the date of determination.

"Adjusted Appraised Market Value" means, as of any date of determination, with respect to an individual Aircraft, its adjusted appraised value determined by the following calculation to reflect straight line depreciation using the Applicable Useful Life of such Aircraft to a "zero" assumed residual/salvage value:

$$IACMV - [((IACMV) / (AUL - - M)) \times N]$$

where:

IACMV	=	the Applicable Initial Current Market Value of such Aircraft;
AUL	=	the Applicable Useful Life of such Aircraft in months;
M	=	the number of months elapsed between the date of manufacture of such Aircraft (or, if applicable, the Freighter Conversion Effective Date) and the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance is made with respect to such Aircraft); and

N	=	the number of months elapsed since the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance was made with respect to such Aircraft), to the date of determination.

"Adjusted Book Value" means, as of any date of determination, with respect to an individual Aircraft, its adjusted book value determined by the following calculation to reflect straight line depreciation using the Applicable Useful Life of such Aircraft to a "zero" assumed residual/salvage value:

$$IABKV - [((IABKV) / (AUL - - M)) \times N]$$

where:

IABKV	=	the Applicable Initial Book Value of such Aircraft;
AUL	=	the Applicable Useful Life of such Aircraft in months;
M	=	the number of months elapsed between the date of manufacture of such Aircraft (or, if applicable, the Freighter Conversion Effective Date) and the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance is made with respect to such Aircraft); and
N	=	the number of months elapsed since the date on which the initial Advance with respect to such Aircraft was made hereunder (or, if applicable, the date on which an Improvement Advance was made with respect to such Aircraft), to the date of determination.

"Adjusted Borrowing Value" means with respect to an Eligible Aircraft and as of any date of determination, (a) for an Eligible Aircraft of the Type described as "Category 1" on Appendix I hereto, the lowest of its Adjusted Book Value, its Adjusted Appraised Base Value and its Adjusted Appraised Market Value as of such date, and (b) for an Eligible Aircraft of the Type described as either "Category 2" or "Category 3" on Appendix I hereto, the lower of its Adjusted Appraised Base Value and its Adjusted Appraised Market Value as of such date. The Adjusted Borrowing Value of an Aircraft that is not an Eligible Aircraft as of the related date of determination, or as to which an Event of Loss has occurred as of the related date of determination, shall be zero. Also, to the extent that inclusion of the Adjusted Borrowing Value of a particular Aircraft under clause (b) of the definition of Facility Limit Percentage causes the Facility Limit Percentage to exceed an Aircraft Type Concentration Limit, Country/Region Concentration Limit or Widebody Maximum Percentage, as applicable, such Adjusted Borrowing Value, when used in calculating any Borrowing Base, will be reduced to the highest amount which, if included under such clause (b), would not cause such an excess.

"Administrative Agent" has the meaning set forth in the Preamble.

"Advance" means any amount disbursed by any Lender to the Borrower under this Agreement.

"Advance Date" means the Initial Advance Date or an Additional Advance Date.

"Advance Rate" means, with respect to any Aircraft, the Class A Advance Rate, Class B Advance Rate and Class C Advance Rate, or any of them, applicable to such Aircraft as of any date of determination.

"Advance Rate Adjustment" means, with respect to any Aircraft, an adjustment to the Base Advance Rates for an Aircraft of that Type, attributable to an Aircraft Age Advance Rate Adjustment, Aircraft Type Concentration Advance Rate Adjustment, Critical Mass

Advance Rate Adjustment, Lessee Diversity Score Advance Rate Adjustment, or Weighted Average Portfolio Age Advance Rate Adjustment. Such Advance Rate Adjustments will apply to the determination of the applicable Advance Rates against Adjusted Borrowing Value, and be redetermined with all applicable adjustments being given current effect, as of each Payment Date or any other date as of which a Borrowing Base is being determined, except as contemplated in the last sentence of the definition of Aircraft Age Advance Rate Adjustment herein. All applicable Advance Rate Adjustments as of any particular date of determination will apply on a cumulative basis to reduce the otherwise applicable Base Advance Rate.

"Adverse Claim" means any Lien or any title retention, trust, or other type of preferential arrangement having the effect or purpose of creating a Lien or any claim of ownership, other than Permitted Liens.

"AerCap" has the meaning set forth in the Preamble.

"AerCap-Borrower Purchase Agreement" means the Purchase Agreement, substantially in the form of Exhibit M hereto, dated as of April 26, 2006, by and among the Borrower, AerCap and other vendors, as amended, restated, supplemented or otherwise modified from time to time pursuant to the terms thereof.

"AerCap Group" means AerCap Holdings C.V. and its consolidated Subsidiaries.

"AerCap Liquidity Facility" means the liquidity loan agreement from AerCap as lender in favor of the Borrower, established for the purpose of funding the portion of Approved Asset Improvement Costs of the Borrower expected to be repaid with the proceeds of an Improvement Advance hereunder (with the remaining portion of such costs to be funded through advances under the AerCap Sub Notes).

"AerCap Sub Notes" means certain subordinated notes of the Borrower issued to AerCap, the principal of and interest on which are repayable on a subordinated basis to the Borrower's obligations to the Lenders, pursuant to the Flow of Funds.

"Affected Lender" has the meaning set forth in Section 6.6(a).

"Affected Party" has the meaning set forth in Section 6.2(a).

"Affiliate" of any Person means any other Person that (i) directly or indirectly controls, is controlled by or is under common control with such Person (excluding any trustee under, or any committee with responsibility for administering, any employee benefit plan), or (ii) is an officer, trustee or director of such person. Without limiting the foregoing, a Person shall be deemed to be "controlled by" any other Person if such other Person possesses, directly or indirectly, power:

(a) to vote greater than 50% or more of the securities, membership interests or similar ownership interests (on a fully diluted basis) having ordinary voting power for the election of directors, members, managing partners or similar Persons; or

(b) to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

The word "Affiliated" has a correlative meaning.

"Agreement" means this Credit Agreement, as it may be amended, restated, supplemented or otherwise modified from time to time.

"Aircraft" means one or more of the commercial aircraft (including, without limitation, the airframe and all engines and parts with respect thereto) listed on Schedule I hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time.

"Aircraft Acquisition Documents" means (a) in respect of any Aircraft to become a Funded Aircraft (other than as contemplated in clause (b) of this definition), any of the related Lease, a bill of sale, a lease assignment and assumption agreement, the purchase agreement pursuant to which AerCap or an Aircraft Owning Entity acquires the Aircraft for on-sale to the Borrower under the AerCap-Borrower Purchase Agreement, and any invoice or other documentation evidencing the purchase price paid for such assets (to the extent not evidenced by any of the foregoing other documents); and (b) in the case of the ANA Aircraft shall in any event include the Tateha Sale and Conditional Repurchase Agreement, the Tateha Mortgage, the Lyon Lease, the Tombo Sublease, the ANA Subsublease, the Mitsui Tateha Guaranty, the Mitsui Tombo Guaranty, the Lyon Assignment, and the Tombo Assignment.

"Aircraft Age" means, where such term is used in the definitions of Aircraft Age Limit, Aircraft Age Advance Rate Adjustment and Weighted Average Aircraft Age, the age in integral number of completed elapsed months of an Aircraft since its date of manufacture (or, if such Aircraft has been subjected to a Freighter Conversion to a Freighter Type, since the related Freighter Conversion Effective Date). With respect to an Aircraft that becomes a Funded Aircraft on a date that is after a Determination Date (or, if the first Determination Date has not yet occurred, the Closing Date) and is before or on the next succeeding Determination Date, the Aircraft Age of such Aircraft for purposes of the foregoing definitions will be deemed to be its Aircraft Age in months on and as of such next succeeding Determination Date.

"Aircraft Age Advance Rate Adjustment" means, with respect to any Type of Aircraft, an adjustment to the Base Advance Rate for that Type based on the Aircraft Age and Aircraft Age Range for that Type, as follows:

(a) for Aircraft with an Aircraft Age lower than the fourth lowest number in the Aircraft Age Range for Aircraft of that Type, there is no adjustment; and

(b) for Aircraft with an Aircraft Age within the Aircraft Age Range for Aircraft of that Type, (i) if such Aircraft Age at least equals the fourth lowest integral number in the Aircraft Age Range but does not equal or exceed the third next higher (*i.e.*, the seventh lowest) integral number within the Aircraft Age Range, the applicable Base Advance Rate will decrease by 0.375 percentage points so long as Critical Mass does not exist, and by 0.25 percentage points while Critical Mass exists, and (ii) for each additional third higher integral number within the Aircraft Age Range that such Aircraft Age at least equals but does not exceed, the applicable Base Advance Rate will decrease by an additional 0.375 percentage points so long as Critical Mass does not exist, and by an additional 0.25 percentage points while Critical Mass exists.

An Aircraft of any particular Type whose Aircraft Age exceeds (measuring by integral months of Aircraft Age) the related Aircraft Age Limit at the time of its proposed addition to the Borrower's Portfolio, is not eligible to become a Funded Aircraft and accordingly has a zero Advance Rate. It is understood that the Aircraft Age Advance Rate Adjustment is applied to a particular Aircraft in determining a Borrowing Base for that Aircraft as of the date it first becomes a Funded Aircraft hereunder (and based on its deemed Aircraft Age on that date as described in the definition of Aircraft Age), but no further adjustment is to occur due to the aging of the Aircraft after such date for so long as it remains a Funded Aircraft within the Borrower's Portfolio; provided that upon the occurrence of a Freighter Conversion Effective Date for such Aircraft, the next Borrowing Base determination after such date will reflect the change in Aircraft Age due to such Freighter Conversion (as contemplated in the definition of Aircraft Age), after which no further adjustment is to occur due to the aging of the Aircraft after such determination for so long as it remains a Funded Aircraft within the Borrower's Portfolio.

"Aircraft Age Limit" means, for each Type of Aircraft listed on Table 1 to Appendix I hereto, the highest number in the Aircraft Age Range. An Aircraft of any particular Type whose Aircraft Age exceeds the Aircraft Age Limit for such Type at the time of its proposed addition to the Borrower's Portfolio, is not eligible to become a Funded Aircraft hereunder.

"Aircraft Age Range" means, for each Type of Aircraft listed on Table 1 to Appendix I hereto, the range of months for Aircraft Age set forth under the category "Maximum Age" for that Type on Table 1 of Appendix I.

"Aircraft Asset Expenses" has the meaning set forth in the Servicing Agreement; provided, that when such term is used in the Flow of Funds, Aircraft Asset Expenses shall not be deemed to include expenses that have been paid with funds withdrawn from the Maintenance Reserve Account or the Security Deposit Account, and also shall not include expenses and costs attributable to Approved Asset Improvements.

"Aircraft Assets" means one or more Aircraft, together with the related assets with respect thereto, including, without limitation, the Leases with respect to such Aircraft (and the Related Security with respect thereto) and any related Security Deposits, Maintenance Reserves or other cash reserves.

"Aircraft Limitation Event" means that at any time after the Borrower initially achieves Critical Mass, and immediately after giving effect to any of the following:

(a) an acquisition into the Borrower's Portfolio of an Aircraft, or

(b) the sale and consequent removal from the Borrower's Portfolio of an Aircraft,

any of the following is true: (i) any Aircraft Type Concentration Percentage will exceed the related Aircraft Type Concentration Limit, (ii) the Category 1 Percentage will be less than the Minimum Category 1 Percentage, (iii) the Weighted Average Portfolio Age will exceed the Weighted Average Portfolio Age Limit, or (iv) the Widebody Percentage will exceed the Widebody Maximum Percentage.

"Aircraft Owning Entity" means a Person that is (i) an entity with Organizational Documents and Operating Documents substantially in the forms attached hereto as Exhibit Q (or in such other form as shall be reasonably satisfactory to the Administrative Agent), (ii) is identified on Schedule II hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time, (iii) either (A) the sole legal owner (including, without limitation, an Owner Trust but excluding an Owner Participant) of the Aircraft listed to the right of such Person's name on such Schedule II hereto (as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time), or (B) in the case of the ANA Aircraft, the sole beneficial owner (pursuant to the ANA Beneficial Ownership Structure) of the ANA Aircraft listed to the right of such Person's name on such Schedule II hereto, and (iv) a Person in which the Borrower owns, whether directly or indirectly, all of the Equity Interests.

"Aircraft Type Concentration Limit" means, for each Type of Aircraft listed on Table 1 to Appendix I hereto, the highest percentage in the Aircraft Type Concentration Range, or if no Aircraft Type Concentration Range is listed for such Type, then the single percentage for that Type, set forth under the category "Maximum Aircraft Type Concentration Percentage" on Table 1.

"Aircraft Type Concentration Percentage" means, for any date of determination and any particular Type of Aircraft, the Facility Limit Percentage of Aircraft of that Type in the Borrower's Portfolio as of such date.

"Aircraft Type Concentration Range" means, for each Type of Aircraft listed on Table 1 to Appendix I hereto, the range of

percentages (if any) for Aircraft of each Type set forth under the category "Maximum Aircraft Type Concentration Percentage" for that Type on Table 1.

"Aircraft Type Concentration Advance Rate Adjustment" means, with respect to any Type of Aircraft, an adjustment to the Base Advance Rate for that Type based on the Aircraft Type Concentration Percentage ("ATCP") for that Type, as follows:

(a) if the ATCP for that Type does not at least equal or exceed the second lowest integral percentage point in the Aircraft Type Concentration Range ("ATCR") for those Types which have an ATCR, or the related Aircraft Type Concentration Limit for those Types which do not have an ATCR, there is no adjustment; and

(b) for Types which have an ATCR, (i) if the ATCP at least equals or exceeds the second lowest integral percentage point in the ATCR but does not equal or exceed the next highest integral percentage point within the ATCR, the applicable Base Advance Rate will decrease by 0.60 percentage points so long as Critical Mass does not exist, or by 0.40 percentage points while Critical Mass exists, and (ii) for each additional integral percentage point within the ATCR that the ATCP equals or exceeds, the applicable Base Advance Rate will decrease by an additional 0.60 percentage points while Critical Mass does not exist, or by an additional 0.40 percentage points while Critical Mass exists, and

(c) for all Types, to the extent the ATCP exceeds the relevant Aircraft Type Concentration Limit (which is the highest percentage point in the ATCR for Types which have an ATCR), the Adjusted Borrowing Value attributable to Aircraft of such Type that is used in calculating any Borrowing Base will be reduced to the highest amount which, if used in the calculation of ATCP, would not cause such an excess.

"Allocable Advance Amount" means, with respect to any Aircraft and as of any date of determination, an amount equal to the product of (i) the Outstanding Principal Amount as of such date and (ii) a fraction, the numerator of which is equal to the Adjusted Borrowing Value of such Aircraft as of such date and the denominator of which is equal to the sum of the Adjusted Borrowing Values of all Aircraft in the Borrower's Portfolio at such time.

"Alternate Base Rate" means, as of any date, a fluctuating rate of interest per annum (rounded upward, if necessary, to the nearest 1/100th of 1%) equal to the greater of (a) the rate of interest established by UBS AG Stamford Branch as its corporate base rate (such rate not necessarily being the lowest or best rate charged by UBS AG Stamford Branch) as of such date of determination and (b) the Federal Funds Rate most recently determined by the UBS Funding Agent plus 0.50% per annum.

"Amortization Period" means the period beginning on the Conversion Date and ending on the Stated Maturity Date.

"AMS AerCap" means AMS AerCap B.V.

"ANA" means All Nippon Airways Co. Ltd., a company organized under the law of Japan.

"ANA Aircraft" means the Airbus A321-100 Aircraft bearing manufacturer's serial number 0802.

"ANA Beneficial Ownership Structure" means the beneficial ownership of the ANA Aircraft by Opal by means of its ability to purchase the ANA Aircraft from Tateha for $1.00 under the Tateha Sale and Conditional Purchase Agreement.

"ANA Sublease" means the Aircraft Sublease Agreement dated September 26, 2002 between Tombo, as lessor, and ANA, as lessee, covering the leasing of the ANA Aircraft, as the same may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Anti-Terrorism Laws" has the meaning set forth in Section 9.21.

"Applicable Carrier" means, as of any date, with respect to any Aircraft, the Eligible Carrier that is leasing such Aircraft from the applicable Aircraft Owning Entity or an Applicable Intermediary, on such date.

"Applicable Class A Margin" has the meaning set forth in the Fee Letter.

"Applicable Class B Margin" has the meaning set forth in the Fee Letter.

"Applicable Class C Margin" has the meaning set forth in the Fee Letter.

"Applicable Foreign Aviation Law" means, with respect to any Aircraft, any applicable law, rule or regulation (other than the FAA Act) of any Government Entity of any jurisdiction not included in the United States, governing the registration, ownership, operation, or leasing of all or any part of such Aircraft, or the creation, recordation, maintenance, perfection or priority of Liens on all or any part of such Aircraft.

"Applicable Foreign Government Entity" means, with respect to any Aircraft, any Government Entity that administers an

Applicable Foreign Aviation Law.

"Applicable Initial Appraised Base Value" means, with respect to any individual Aircraft,

(A) If an initial Advance was or is being made in respect of such Aircraft but no Improvement Advance has been made in respect thereof, the Applicable Initial Appraised Base Value for such Aircraft shall be equal to the Base Value of such Aircraft set forth in its Initial Base Value Appraisal; and

(B) If an Improvement Advance was or is being made in respect of such Aircraft, the Applicable Initial Appraised Base Value for such Aircraft shall be equal to the Base Value of such Aircraft set forth in its Improvement Base Value Appraisal.

"Applicable Initial Appraised Current Market Value" means, with respect to any individual Aircraft,

(A) If an initial Advance was or is being made in respect of such Aircraft but no Improvement Advance has been or is being made in respect thereof, the Applicable Initial Appraised Current Market Value for such Aircraft shall be equal to the Current Market Value of such Aircraft set forth in its Initial Current Market Value Appraisal; and

(B) If an Improvement Advance was or is being made in respect of such Aircraft, the Applicable Initial Appraised Current Market Value for such Aircraft shall be equal to the Current Market Value of such Aircraft set forth in the Improvement Current Market Value Appraisal.

"Applicable Initial Book Value" means, with respect to any individual Aircraft,

(A) If an initial Advance was or is being made in respect of such Aircraft but no Improvement Advance has been or is being made in respect thereof, the Applicable Initial Book Value for such Aircraft shall be equal to the Book Value of such Aircraft as of the Initial Advance Date; and

(B) If an Improvement Advance was or is being made in respect of such Aircraft, the Applicable Initial Book Value for such Aircraft shall be equal to the sum of (i) the amount of Approved Asset Improvement Cost for such Aircraft, plus (b) the Adjusted Book Value of such Aircraft as of the date such Approved Asset Improvement Costs are incurred, determined using clause (A) immediately above as the Applicable Initial Book Value.

"Applicable Intermediary" means, with respect to any Aircraft, the Eligible Intermediary that has leased such Aircraft from the applicable Aircraft Owning Entity or Owner Trustee, and has subleased such Aircraft to an Applicable Carrier.

"Applicable Margin" means, as the context may require, the Applicable Class A Margin, the Applicable Class B Margin and the Applicable Class C Margin, or any of them.

"Applicable Useful Life" means, in connection with calculating depreciation of an Aircraft, (a) prior to the Freighter Conversion Effective Date for such Aircraft, if ever applicable, 300 months, and (b) if such Aircraft has been subjected to a Freighter Conversion, following the Freighter Conversion Effective Date, 180 months.

"Approved Appraiser" means any commercial aircraft appraiser which is reasonably acceptable to the Administrative Agent, it being understood that as of the Closing Date and the date of any Initial Base Value Appraisal or Initial Current Market Value Appraisal applicable to an Initial Financed Aircraft, Airclaims Limited is an Approved Appraiser.

"Approved Asset Improvement" means, in respect of an Aircraft in the Borrower's Portfolio against which an Advance has been previously made, the Borrower's procurement (using funds derived from advances made to it under the AerCap Liquidity Facility, the AerCap Sub Notes, and/or retained cash flow distributed to it pursuant to the Flow of Funds) of a Freighter Conversion of such Aircraft, or another value-enhancing improvement or upgrade as to

such Aircraft (including but not limited to airframe heavy checks, engine refurbishment, landing gear overhaul, APU overhaul, and aircraft reconfiguration).

"Approved Asset Improvement Cost" means the amount of the Borrower's (or applicable Borrower Subsidiary's) cost for an Approved Asset Improvement, following (as applicable) the Freighter Conversion Effective Date or Other Improvement Effective Date in respect of such Approved Asset Improvement, and the Borrower's procurement and delivery to the Administrative Agent of an Improvement Base Value Appraisal and Improvement Current Market Value Appraisal of the related Aircraft.

"Approved Country List" means the list of countries set forth on Schedule IV attached hereto, as such list may be modified and supplemented from time to time in accordance with the following provisions (it being understood that no country which is a Prohibited Country shall be on the Approved Country List):

(a) if the Administrative Agent advises the Borrower in writing of (i) a change in law or regulation or in the

interpretation thereof by a Government Entity after the Closing Date, or (ii) the implementation or initial application by a Government Entity after the Closing Date of law or regulation in a particular country then on the Approved Country List, that in either case, in the good faith, reasonable judgment of the Administrative Agent makes the financing of Aircraft registered in such country or leased by a Lessee organized under the laws of or domiciled in such country, subject to a material increase in legal risk as to creditor's or lessor's rights, rights of repossession or enforcement, or other material legal risks making it undesirable for a lender to finance such Aircraft (any of the foregoing, an "Adverse Legal Risk Change"), then the Approved Country List shall upon delivery of such written advice be deemed amended and changed to remove such adversely affected country, provided, that no such removal shall be effective as to any Additional Advance for an Additionally Financed Aircraft related to the affected jurisdiction that occurs within 30 days of the delivery of such written advice, unless such Adverse Legal Risk Change itself occurred within such 30 day period; and

(b) with respect to (i) any adversely affected country described in clause (a) above which has been removed from the Approved Country List, or (ii) any other country which is otherwise not on the current Approved Country List, the Borrower may nonetheless provide that such country be treated for all purposes hereunder as if it were named on the list by either (1) obtaining the written agreement of the Administrative Agent to so treat such country as if on the list (or to actually add the country to an amended version of such list, if mutually agreed with the Borrower), or (2) procuring and maintaining Political Risk/Repossession Insurance in respect of Aircraft either registered in such country or that are leased under a Lease with a Lessee domiciled in or organized under the laws of such country (or both, if such is the case), in an amount not less than the Required Coverage Amount; and

(c) any country that has become or becomes a "contracting state" by ratification/accession to the Cape Town Convention and related Aviation Protocol shall

be deemed automatically added to the Approved Country List at the time it becomes such a contracting state.

"Assignment and Assumption" means an assignment and assumption agreement entered into by a Lender and an assignee of such Lender and acknowledged and agreed to by the related Funding Agent, and, if the assignee thereunder is not an Eligible Assignee and such assignment and assumption agreement is executed prior to the occurrence of an Event of Default, acknowledged and agreed to by the Borrower, substantially in the form of Exhibit C hereto.

"Available Collections" means in respect of any Payment Date, all Collections on deposit in the Collection Account as of the last day of the calendar month preceding such Payment Date; *provided*, that with respect to Leases with rental payments payable by the Lessee less frequently than monthly that are deposited therein during such calendar month, a *pro rata* portion (based on the frequency of payment in months) of such rental payments that have been so received and are held in the Collection Account will be treated as Available Collections received during that and each succeeding calendar month, and in each case applied on the related Payment Date pursuant to the Flow of Funds, with the balance not so applied on a Payment Date being retained in the Collection Account for *pro rata* application on future monthly Payment Dates as aforesaid.

"Base Advance Rate" means any of the percentages set forth on Table 2 of Appendix I for each Type of Aircraft listed on such Table 2, under the headings "Class A Advance Rate before Critical Mass", "Class A Advance Rate after Critical Mass", "Class B Advance Rate before Critical Mass", "Class B Advance Rate after Critical Mass", "Class C Advance Rate before Critical Mass", or "Class C Advance Rate after Critical Mass", as applicable.

"Base Value" means, with respect to any Aircraft and the definitions of Initial Base Value Appraisal and Improvement Base Value Appraisal used herein, the "Base Value" of such Aircraft which, in any case, represents an appraiser's opinion of the underlying economic value of an aircraft in an open, unrestricted, stable market environment with a reasonable balance of supply and demand, and assumes full consideration of its "highest and best use", founded in the historical trend of values and in the projection of future value trends and presuming an arm's length, cash transaction between willing, able and knowledge parties acting prudently, with an absence of duress and with a reasonable period of time available for marketing.

"Board of Directors" means, with respect to any Person, (i) in the case of any corporation, the board of directors of such person, (ii) in the case of any limited liability company, the board of managers of such person, (iii) in the case of any limited partnership with a corporate general partner, the Board of Directors of the general partner of such person and (iv) in any other case, the functional equivalent of the foregoing.

"Book Value" means with respect to an Aircraft, (a) if such Aircraft or related Aircraft Owning Entity was purchased by AerCap not earlier than 45 days prior to its related Initial Advance Date or Additional Advance Date, as applicable, an amount equal to the cash purchase price of such Aircraft (or related Aircraft Owning Entity), or (b) if such Aircraft or Aircraft Owning Entity was purchased by AerCap more than 45 days prior to its related Initial Advance Date or Additional Advance Date, as applicable, an amount equal to the net book value for such

asset as such value would be carried on the records of AerCap Group, consistent with GAAP, at the time of the related Initial Advance Date or Additional Advance Date, as applicable.

"Borrower" has the meaning set forth in the Preamble.

"Borrower Acquisition" has the meaning set forth in Section 10.30(a).

"Borrower Acquisition Documents" means, in respect of any Funded Aircraft, the documents executed in connection with a Borrower Acquisition thereof, including without limitation, any related Aircraft Acquisition Document and the AerCap-Borrower Purchase Agreement.

"Borrower Collateral" has the meaning set forth for the term "Collateral" as defined in the Security Trust Agreement.

"Borrower Expenses" means, for purposes of the use of such term in the Flow of Funds, Aircraft Asset Expenses, Operating Expenses and Related Expenses; provided that Borrower Expenses as used in the Flow of Funds shall not include (a) Borrower Income Tax Expenses (to the extent a separate allocation is provided therefor in the Flow of Funds), (b) expenses that have been or are properly payable or reimbursable with funds withdrawn from the Maintenance Reserve Account or the Security Deposit Account, or with the application of funds received from an insurance payment or other third party payment relating to casualty or condemnation (and in either such case such funds are actually available to the Borrower for such purposes and, for the avoidance of doubt, such expenses shall be Borrower Expenses to the extent such funds are not actually available to the Borrower for such purpose), (c) any expenses and costs attributable to Approved Asset Improvements, which costs (assuming satisfaction of all applicable conditions precedent and other requirements of this Agreement) could properly be the subject of reimbursement through an Improvement Advance, or (d) Overhead Expenses (as defined in the Servicing Agreement).

"Borrower Income Tax Expenses" means, for purposes of the use of such term in the Flow of Funds, Taxes based upon, attributable to or otherwise determinable by relation to income or net income of the Borrower or any Borrower Group Member.

"Borrower Funding Account" means an account (number 51948) in the name of the Borrower and maintained with the Account Bank.

"Borrower Group Member" means the Borrower or a Borrower Subsidiary.

"Borrower's Portfolio" means, when used with respect to Aircraft, all Aircraft then Owned directly or indirectly by any Borrower Group Member or Owner Trust.

"Borrower Subsidiary" means any direct or indirect Subsidiary of the Borrower, each of which shall be reasonably satisfactory to the Administrative Agent, including, without limitation, any Aircraft Owning Entity, any Owner Participant, and any Applicable Intermediary.

"Borrowing Base" means any of the Class A Borrowing Base, the Class B Borrowing Base or the Class C Borrowing Base, as applicable.

"Borrowing Base Deficiency" means any of a Class A Borrowing Base Deficiency, Class B Borrowing Base Deficiency or Class C Borrowing Base Deficiency.

"Business Day" means any day on which commercial banks in New York, New York or Amsterdam, The Netherlands are not authorized or required to be closed, and in the case of the use of such term in connection with Advances bearing or to bear interest based on the Eurodollar Rate, on which dealings are carried on in the London interbank eurodollar market.

"Cape Town Convention" means, collectively, the official English language texts of the Convention on International Interests in Mobile Equipment and the protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment, adopted on 16 November 2001, at a diplomatic conference in Cape Town, South Africa.

"Cash Management Agreement" means the Cash Management Agreement, dated as of April 26, 2006, among the Cash Manager, the Collateral Agent, the Borrower, the Aircraft Owning Entities, the Owner Participants, the Applicable Intermediaries and the Administrative Agent, substantially in the form of Exhibit F hereto, as the same may be amended, modified and/or restated from time to time pursuant to the terms thereof.

"Cash Manager" has the meaning set forth in the Preamble.

"Category" means any of the categories designated "1", "2" or "3" listed next to the Types of Aircraft set forth on Table 1 of Appendix I hereto. "Category 1 Aircraft", "Category 2 Aircraft" and "Category 3 Aircraft" each have a correlative meaning.

"Category 1 Percentage" means, as of any date of determination, the percentage represented by the quotient of the Adjusted Borrowing Value of Funded Aircraft constituting Category 1 Aircraft as of such date, divided by the aggregate Adjusted Borrowing Value of all Funded Aircraft as of such date.

"Chattel Paper Original" means, when used in the provisions of Article VII in connection with delivery requirements and in related provisions in Article X, that the applicable original Lease and any related lease amendment or supplement being delivered shall have been designated the sole original copy thereof by the applicable Lessor (1) adding substantially the following language to the cover page of such Lease: "To the extent, if any, that this Lease Agreement or any lease amendment or supplement hereunder constitutes chattel

paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction), this copy shall constitute the sole original thereof and no security interest in this Lease Agreement or lease amendment or supplement may be created through the transfer or possession of any counterpart other than this counterpart"; and (2) marking each other original executed counterpart of such Lease Agreement or lease amendment or supplement in its possession with the words "DUPLICATE ORIGINAL."

"Class A Advance Rate" means, for each Aircraft of a particular Type as of any date of determination, the applicable Base Advance Rate (whether before or after Critical Mass exists), as adjusted by each applicable Advance Rate Adjustment.

"Class A Advances" has the meaning set forth in Section 2.1(d).

"Class A Advances Limit" means $715,000,000.

"Class A Borrowing Base" means, as of any date of determination, the amount equal to (a) the aggregate sum of the products of (x) the applicable Class A Advance Rate for each Aircraft then in the Borrower's Portfolio, and (y) the Adjusted Borrowing Value of such Aircraft as of such date, plus (b) the portion allocable to Class A Advances, of unreleased Advance proceeds held in the Borrower Funding Account pending release to the Borrower during the Holding Period, or repayment to the Lenders immediately following the Holding Period.

"Class A Borrowing Base Deficiency" means, as of any Payment Date, the amount by which the Outstanding Class A Principal Amount on such Payment Date exceeds the Class A Borrowing Base on such Payment Date.

"Class A Funding Agent" means the UBS Funding Agent and each Other Funding Agent of an Other Funding Group funding Class A Advances hereunder.

"Class A Funding Group" means the UBS Funding Group and each Other Funding Group funding Class A Advances hereunder.

"Class A Funding Group Limit" means the sum of the UBS Funding Group Limit and each Other Funding Group Limit of a Funding Group funding Class A Advances.

"Class A Lenders" has the meaning set forth in the Preamble.

"Class A Majority Lenders" means, at any time, Class A Lenders which have advanced more than 50% of the Outstanding Class A Principal Amount.

"Class A Scheduled Principal Payments" has the meaning set forth in Section 8.1(e).

"Class B Advance Rate" means, for each Aircraft of a particular Type as of any date of determination, the applicable Base Advance Rate (whether before or after Critical Mass exists), as adjusted by each applicable Advance Rate Adjustment.

"Class B Advances" has the meaning set forth in Section 2.1(e).

"Class B Advances Limit" means $180,000,000.

"Class B Borrowing Base" means, as of any date of determination, the amount equal to (a) the aggregate sum of the products of (x) the applicable Class B Advance Rate for each Aircraft then in the Borrower's Portfolio, and (y) the Adjusted Borrowing Value of such Aircraft as of such date, plus (b) the amount on deposit in the Liquidity Reserve Account as of such date, after taking into account any funds proposed to be released therefrom on such date of

determination (and, with respect to determinations of the Class B Borrowing Base as of any date that a Class B Advance is being made hereunder, giving effect to any amounts to be deposited into such Liquidity Reserve Account funded with the proceeds of Class B Advances on such date), plus (c) the portion allocable to Class B Advances, of unreleased Advance proceeds held in the Borrower Funding Account pending release to the Borrower during the Holding Period, or repayment to the Lenders immediately following the Holding Period.

"Class B Borrowing Base Deficiency" means, as of any Payment Date, the amount by which the Outstanding Class B Principal Amount on such Payment Date exceeds the Class B Borrowing Base less the Class A Borrowing Base on such Payment Date.

"Class B Funding Agent" means the UBS Funding Agent and each Other Funding Agent of an Other Funding Group funding Class B Advances hereunder.

"Class B Funding Group" means the UBS Funding Group and each Other Funding Group funding Class B Advances hereunder.

"Class B Funding Group Limit" means the sum of the UBS Funding Group Limit with respect to Class B Advances and each Other Funding Group Limit of a Funding Group funding Class B Advances.

"Class B Lenders" has the meaning set forth in the Preamble.

"Class B Majority Lenders" means at any time Class B Lenders who advanced more than 50% of the Outstanding Class B Principal Amount.

"Class B Scheduled Principal Payments" has the meaning set forth in Section 8.1(e).

"Class C Advance Rate" means, for each Aircraft of a particular Type as of any date of determination, the applicable Base Advance Rate (whether before or after Critical Mass exists), as adjusted by each applicable Advance Rate Adjustment.

"Class C Advances" has the meaning set forth in Section 2.1(f).

"Class C Advances Limit" means $105,000,000.

"Class C Borrowing Base" means, as of any date of determination, the amount equal to (a) the aggregate sum of the products of (x) the applicable Class C Advance Rate for each Aircraft then in the Borrower's Portfolio, and (y) the Adjusted Borrowing Value of such Aircraft as of such date, plus (b) the amount on deposit in the Liquidity Reserve Account as of such date, after taking into account any funds proposed to be released therefrom on such date of determination (and, with respect to determinations of the Class C Borrowing Base as of any date that a Class B Advance is being made hereunder, giving effect to any amounts to be deposited into such Liquidity Reserve Account funded with the proceeds of Class B Advances on such date), plus (c) the amount on deposit in the Class C Reserve Account as of such date, after taking into account any funds proposed to be released therefrom on such date of determination (and, with respect to determinations of the Class C Borrowing Base as of any date that a Class C

Advance is being made hereunder, giving effect to any amounts to be deposited into such Class C Reserve Account funded with the proceeds of Class C Advances on such date), plus (d) the portion allocable to Class C Advances, of unreleased Advance proceeds held in the Borrower Funding Account pending release to the Borrower during the Holding Period, or repayment to the Lenders immediately following the Holding Period.

"Class C Borrowing Base Deficiency" means, as of any Payment Date, the amount by which the Outstanding Class C Principal Amount on such Payment Date exceeds the Class C Borrowing Base, less the Class B Borrowing Base on such Payment Date.

"Class C Funding Agent" means the UBS Funding Agent and each Other Funding Agent of an Other Funding Group funding Class C Advances hereunder.

"Class C Funding Group" means the UBS Funding Group and each Other Funding Group funding Class C Advances hereunder.

"Class C Funding Group Limit" means the sum of the UBS Funding Group Limit with respect to Class C Advances and each Other Funding Group Limit of a Funding Group funding Class C Advances.

"Class C Insufficiency" has the meaning set forth in Section 5.1(e) .

"Class C Lenders" has the meaning set forth in the Preamble.

"Class C Majority Lenders" means at any time Class C Lenders who advanced more than 50% of the Outstanding Class C Principal Amount.

"Class C Reserve Account" has the meaning set forth in Section 5.1(a)(ii).

"Class C Scheduled Principal Payments" has the meaning set forth in Section 8.1(e).

"Class Majority Lenders" means, at any time, Class A Lenders, Class B Lenders and Class C Lenders, taken as a whole, which have advanced more than 50% of the sum of (i) the Outstanding Class A Principal Amount, (ii) the Outstanding Class B Principal Amount and (iii) the Outstanding Class C Principal Amount.

"Closing Date" means April 26, 2006.

"Code" means the Internal Revenue Code of 1986, as amended from time to time, and the regulations promulgated thereunder. Section references to the Code are to the Code as in effect at the date of this Agreement and any subsequent provisions of the Code amendatory thereof, supplemental thereto or substituted therefor.

"Collateral" has the meaning set forth in the Security Trust Agreement.

"Collateral Agent" means, for purposes of this Agreement and the other Transaction Documents and any related agreements or instruments, Deutsche Bank Trust Company

Americas in its capacity as collateral agent under the Security Trust Agreement, together with any of its permitted successors and assigns.

"Collateral Agent Fees and Expenses" means the fees and expenses payable to the Collateral Agent and Account Bank pursuant to this Agreement or the Security Trust Agreement together with any other fees, payments and amounts owed to the Collateral Agent or the Account Bank under the Security Trust Agreement or this Agreement, including, without limitation, amounts payable pursuant to any indemnification provisions thereunder.

"Collection Account" means the Collection Trust Account together with the Collection DDA Account (it being understood that any provision herein providing for or requiring a deposit of funds to the Collection Account shall be deemed to refer to a deposit to the Collection DDA Account, with all amounts on deposit in the Collection DDA Account to be automatically transferred on a daily basis to the Collection Trust Account).

"Collection DDA Account" means an account (number 01-474-339) in the name of the Borrower and maintained with the Account Bank.

"Collection Trust Account" means an account (number 51944) in the name of the Borrower and maintained with the Account Bank.

"Collections" means (i) any and all rent or lease payments, fees, and other income or payments in respect of any and all Aircraft due or collected under the Leases of such Aircraft excluding Maintenance Reserve payments and Security Deposit payments made by the applicable lessees, (ii) any and all proceeds from the sale, transfer, assignment or other disposition of any Aircraft, (iii) the portion of Security Deposits applied against rent or lease payments, (iv) any and all payments received by the Borrower as indemnification payments in respect of (A) any Aircraft Assets or (B) any Aircraft Owning Entity, Owner Participant or other Borrower Subsidiary, pursuant to the AerCap-Borrower Purchase Agreement, an Aircraft Acquisition Document or otherwise, (v) any proceeds from any guarantees, letters of credit or similar arrangements related to any and all Leases with respect to any and all Aircraft supporting the obligations described in clauses (i) through (iv) above, (vi) payments received by the Borrower under any Hedge Agreement, (vii) the amount of any Servicer Advances funded by the Servicer into the Collection Account, and (viii) any proceeds from any insurance (other than liability insurance) with respect to any and all Aircraft; provided, that Collections shall not include any Excluded Payments.

"Communications" has the meaning set forth in Section 17.3(c).

"Conduit Lender" means any Other Conduit.

"Contingent Policy" means (i) the insurance policy MK 51244 provided by Willis Limited for the benefit of the Borrower as in effect on the Closing Date, in the form provided and certified as a true and correct copy by the Borrower to the Administrative Agent for review prior to the Closing Date, with such amendments, addendums, endorsements, extensions or replacements as may have been entered into consistent with the provisions of Section 10.34

hereof, or (ii) one or more aviation hull, liability and/or other insurance policies in replacement of the foregoing as the Administrative Agent shall have reasonably approved.

"Contingent Liabilities" means, with respect to any Person, (a) any agreement, undertaking or arrangement by which such Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to, or otherwise to invest in, a debtor, or otherwise to assure a creditor against loss) the indebtedness, obligation or any other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person (the amount of obligation under any Contingent Liabilities shall be deemed to be the maximum outstanding amount of the debt, obligation or other liability guaranteed) and/or (b) liabilities that are contingent in nature which would be included as liabilities on the face of the balance sheet of such Person in accordance with GAAP.

"Control" shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ownership of voting securities, by contract or otherwise, and the terms "Controlling" and "Controlled" and "Controlled by" shall have meanings correlative thereto.

"Conversion Date" means the first Business Day that is on or after the second anniversary of the Closing Date; provided, that if an Event of Default or an Early Amortization Event occurs prior to the then scheduled Conversion Date, the Conversion Date shall be accelerated to the date on which such Event of Default or Early Amortization Event shall occur.

"Country/Region Concentration" means, for Aircraft within the Borrower's Portfolio that are subject to a Lease, and for any date of determination, the Facility Limit Percentage of all Aircraft in the Borrower's Portfolio that are under Lease to a Lessee within a specified Lessee Location (or an Affiliate thereof).

"Country/Region Concentration Limits" means, for Aircraft within the Borrower's Portfolio which are subject to a Lease, the percentage assigned for each particular category of Lessee Location as set forth in the table on Appendix I hereto headed "Geographical Diversification".

"Credit Documents" means this Credit Agreement, any Notes, the Fee Letter, the AerCap-Borrower Purchase Agreement, the

Deed of Tax Indemnity, each Service Provider Agreement, the Indemnification Agreement, the Purchase Agreement Guaranty, the Security Trust Agreement, the Irish Pledges, the Syndication Cooperation Agreement, the Pledge of Borrower Equity, the Expenses Apportionment Agreement, and any Hedge Agreement.

"Credit Parties" has the meaning set forth in Section 17.4.

"Critical Mass" means as of any date of determination, the existence of an Outstanding Principal Amount that is secured by not less than $300,000,000 in Adjusted Borrowing Value of Funded Aircraft in the Borrower's Portfolio as of such date.

"Critical Mass Advance Rate Adjustment" means any change within the Base Advance Rates set forth on Table 2 of Appendix I hereto, that occurs as a result of the existence of Critical Mass, as noted in the Advance Rate columns set forth within such Table 2 by the designations "before Critical Mass" and "after Critical Mass".

"Critical Mass Event Advance" means an Additional Advance following the initial existence of Critical Mass, not constituting an Improvement Advance or for the purpose of financing the acquisition of an Additional Aircraft into the Borrower's Portfolio, but utilizing any increase in availability of Advances due to an increase in Adjusted Borrowing Values attributable to a Critical Mass Advance Rate Adjustment.

"Current Market Value" means, with respect to an Aircraft and in connection with the definitions of Initial Current Market Value Appraisal and Improvement Current Market Value Appraisal herein, the amount, expressed in terms of currency, that may reasonably be expected for property exchanged between a willing buyer and a willing seller with equity to both, neither under any compulsion to buy or sell and both fully aware of all relevant, reasonably ascertainable facts.

"Deed of Tax Indemnity" means the Deed, dated 26 April 2006, between AerCap and the Borrower, relating to the AerCap-Borrower Purchase Agreement.

"Default" means any event that, if it continues uncured, will, with lapse of time or the giving of notice or both, constitute an Event of Default.

"Default Rate" means, with respect to any Advance (or portion thereof) on any date of determination, a rate per annum equal to the Lender Rate that would otherwise be in effect with respect to such Advance as of such date of determination plus 2%.

"Determination Date" means, with respect to any Payment Date, the third Business Day immediately preceding such Payment Date.

"Dollar(s)" and the sign "$" mean lawful money of the United States of America.

"Early Amortization Event" means any of the following events:

(i) the occurrence of a Servicer Termination Event; or

(ii) any Borrowing Base Deficiency exists as of any Payment Date and is not cured with a payment by the Borrower within five Business Days of such Payment Date.

"Effectively Bonded" means, when such term is used in connection with a judgment or order for the payment of money, that (A) (x) the amount of such judgment or order is covered by a valid and binding policy of insurance between the defendant and the insurer covering payment thereof and (y) such insurer, which shall be rated at least "A" by A.M. Best Company or any similar successor entity, has been notified of, and has not disputed the claim made for payment of, the amount of such judgment or order, or (B) cash collateral has been posted, in a manner

reasonably satisfactory to the Administrative Agent, in an amount sufficient to discharge the applicable judgment or Lien.

"Eligible Aircraft" means any Aircraft that satisfies each of the following requirements:

(a) (i) such Aircraft (immediately after giving effect to the related purchase by a Borrower Group Member pursuant to the AerCap-Borrower Purchase Agreement and thereafter) is Owned by an Aircraft Owning Entity (or, in the case of the ANA Aircraft, Tateha), (ii) such Ownership is free and clear of any Adverse Claim, and (iii) the Equity Interest with respect to the Aircraft Owning Entity that owns such Aircraft (immediately after giving effect to the related purchase by the Borrower under the AerCap-Borrower Purchase Agreement and thereafter) is owned, directly or indirectly, by the Borrower free and clear of any Adverse Claim;

(b) such Aircraft is of a Type set forth on Table 1 to Appendix I hereto;

(c) such Aircraft (i) if under Lease, is the subject of an Eligible Lease or (ii) if not the subject of an Eligible Lease, is

being (or, after acquisition of such Aircraft by a Borrower Group Member, will be) serviced and managed, including as to efforts to currently, or eventually after completion of any applicable maintenance and/or improvements, market such Aircraft for placement under an Eligible Lease, in each case in accordance with the requirements of the Servicing Agreement;

(d) such Aircraft is covered by (A) all of the insurance required to be provided by the lessee thereof described on Schedule 2.02(a) to the Servicing Agreement or (B) if such Aircraft is not the subject of an effective Lease, or the lessee with respect to such Aircraft has failed to maintain the insurance described on Schedule 2.02(a) to the Servicing Agreement with respect to such Aircraft (provided that the Servicer is taking all actions necessary under the Servicer Standard of Performance in connection with such lessee's failure to obtain such insurance), the Contingent Policy; and the Administrative Agent has received with respect to such Aircraft, certificates of insurance from qualified brokers of aircraft insurance or other evidence reasonably satisfactory to the Administrative Agent, evidencing all such insurance, in each case, together with all endorsements required under the Transaction Documents and/or the applicable Notice and Acknowledgment;

(e) neither the Aircraft Owning Entity, nor, if applicable, the Owner Participant, the Applicable Intermediary or the Owner Trustee, with respect to such Aircraft is organized under the laws of, or domiciled in, any Prohibited Country, nor is the Aircraft registered in any Prohibited Country;

(f) the Collateral Agent (on behalf of the Administrative Agent, the Funding Agents and the Lenders) has a duly perfected, first priority Lien and security interest on (i) the Lease relating to such Aircraft, as applicable and (ii) the Equity Interests of the Aircraft Owning Entity which Owns such Aircraft and, if applicable, the Owner Participant with respect to such Aircraft;

(g) the Administrative Agent has received each of an Initial Base Value Appraisal and an Initial Current Market Value Appraisal with respect to such Aircraft;

(h) no Event of Loss has occurred with respect to such Aircraft; and

(i) at the time of its addition to the Borrower's Portfolio as a Funded Aircraft, its Aircraft Age does not exceed the Aircraft Age Limit for Aircraft of that Type.

In addition, (A) if the provisions of clause (b)(2) of the definition of Approved Country List apply to a country, an Aircraft otherwise constituting an Eligible Aircraft under this definition that is registered in such country, or leased by a Lessee organized under the laws of or domiciled in such country, shall cease to be an Eligible Aircraft if the Borrower fails to maintain the Required Coverage Amount for such country as contemplated in Section 10.34(d) and such failure is not remedied within 30 days, and (B) the ANA Aircraft shall cease to be an Eligible Aircraft if Tateha receives a conveyance of or acquires any additional aircraft following the Closing Date, unless the Administrative Agent shall have otherwise consented in its sole discretion.

"Eligible Assignee" has the meaning assigned such term in Section 15.1.

"Eligible Carrier" means any air carrier

(i) that is duly licensed to carry passengers or cargo (as such may be contemplated under the Lease related to the applicable Aircraft) under all Requirements of Law, whether foreign or domestic,

(ii) that is not organized under the laws of, or domiciled in, any Prohibited Country,

(iii) that is organized under the laws of or domiciled in a country or jurisdiction whose laws provide for (x) the recognition of the rights of the relevant Aircraft Owning Entity (and any relevant Applicable Intermediary), as owner and lessor of such Aircraft, and (y) the entitlement or ability of such Aircraft Owning Entity (and any relevant Applicable Intermediary) to recover possession of such Aircraft in accordance with the terms of such Lease, and

(iv) that, on the date that the Aircraft becomes a Funded Aircraft within the Borrower's Portfolio under Lease to such air carrier or, if later, on the date that the Lease of the Aircraft to such air carrier commences, has had no continuing Event of Bankruptcy occur with respect to such air carrier unless (i) in the case of a Lease to a carrier domiciled in or organized under the laws of the United States, each Aircraft Owning Entity leasing any Aircraft to such air carrier is entitled, pursuant to an order of the relevant bankruptcy court or under the relevant bankruptcy or insolvency law, to enforce such Aircraft Owning Entity's rights against such air carrier, including, without limitation, the right to require the performance of such air carrier's obligations under such Lease or the return of such Aircraft during such air carrier's bankruptcy or insolvency, and (ii) in the case of a Lease to a carrier domiciled in or organized under the

laws of a jurisdiction other than the United States, either (x) the Servicer has received, and found satisfactory, legal advice from Local Aircraft Counsel to the effect that the country in which such air carrier is organized has laws, with respect to bankruptcy, insolvency, protection of creditors, administration of receivership or reorganization applicable to such air carrier that provide for the entitlement or ability of such Aircraft Owning Entity (and any relevant Applicable Intermediary) to recover possession of such

Aircraft in accordance with the terms of such Lease irrespective of such Event of Bankruptcy, or (y) the Administrative Agent has otherwise approved the entering into of such Lease.

"Eligible Counterparty" means, in respect of any Hedge Agreement with the Borrower, a counterparty that, at the time of execution and delivery of the related Hedge Agreement, (a) has a long term unsecured debt rating of at least A from Standard & Poor's or A2 from Moody's, and has a short-term unsecured debt rating of a least A-1 from Standard & Poor's or "P-1" from Moody's, or (b) has otherwise been approved by the Borrower and the Lenders.

"Eligible Hedge Agreement" means an ISDA interest rate swap or cap agreement, collar or other interest rate hedging instrument between the Borrower and the Eligible Counterparty named therein, including any schedules and confirmations prepared and delivered in connection therewith, pursuant to which the Borrower will receive payments from, or make payments to, the Eligible Counterparty as provided therein, and which (a) limits recourse by the Eligible Counterparty to the Borrower, to distributions in accordance with the Flow of Funds, (b) provides that the counterparty on such Hedge Agreement provide collateral for its obligations upon a downgrade of its credit rating, and (c) is otherwise consistent with the requirements of Section 10.32 hereof.

"Eligible Intermediary" means, with respect to any Aircraft, a Person that is a direct or indirect, wholly-owned subsidiary of the Borrower.

"Eligible Investments" means book-entry securities entered on the books of the registrar of such securities and held in the name or on behalf of the Account Bank, negotiable instruments, or securities represented by instruments in bearer or registered form (registered in the name of the Account Bank or its nominee) which evidence:

(a) readily marketable direct obligations of the Government of the United States or any agency or instrumentality thereof or obligations unconditionally guaranteed by the full faith and credit of the United States;

(b) insured demand deposits, time deposits or certificates of deposit of any commercial bank that (i) is a member of the Federal Reserve System, (ii) issues (or the parent of which issues) commercial paper rated, at the time of the investment or contractual commitment to invest therein, as described in clause (d), (iii) is organized under the laws of the United States or any state thereof and (iv) has combined capital and surplus of at least $500,000,000;

(c) money market deposit accounts, time deposits or savings deposits, in each case as defined by Regulation D of the Board of Governors of the Federal Reserve

System and issued or offered by any domestic office of any commercial bank organized under the laws of the United States of America or any state thereof, which institution has a combined capital and surplus and undivided profits of not less than $250,000,000;

(d) repurchase obligations with a term of not more than ten days for underlying securities of the types described in clauses (a) and (b) above entered into with any bank of the type described in clause (b) above;

(e) commercial paper having, at the time of the investment or contractual commitment to invest therein, a short-term rating of at least A-1/P-1 from Standard & Poor's and Moody's, respectively;

(f) investments in no-load money market funds having a rating from each of Standard & Poor's and Moody's in its highest investment category (including such funds for which the Account Bank or any of its affiliates is investment manager or advisor); or

(g) other securities or instruments approved in writing by the Administrative Agent.

"Eligible Lease" means a fully-executed, valid and enforceable Lease of an Eligible Aircraft, between an Aircraft Owning Entity that Owns such Aircraft or any Applicable Intermediary, as Lessor, and an Eligible Carrier, as Lessee, which Lease satisfies each of the following requirements (unless the Administrative Agent otherwise consents in writing):

(a) no prepayment shall have been made under such Lease, and no Lease payment obligation shall have been accelerated, provided that it is understood that a scheduled rental payment that is paid at the beginning of a rental period in accordance with the applicable Lease terms is not deemed to be a prepayment;

(b) the Administrative Agent shall have received a Notice and Acknowledgment executed by the Lessee with respect to such Lease;

(c) rent or lease payments under such Lease are payable no less frequently than semiannually;

(d) all monetary obligations of the Lessee pursuant to such Lease are payable solely in Dollars or Euros (and with respect to Euros, subject to the restrictions of Section 10.32), and, in the case of such obligations payable in Euros, a currency hedge agreement reasonably satisfactory to the Administrative Agent is in effect with respect to payments to be made under such Leases;

(e) the Lessee has delivered to the Lessor formal notice of such Lessee's acceptance of the relevant Aircraft executed at the time the term of such Lease commenced;

(f) with respect to any Security Deposit or Maintenance Reserve required of the Lessee under the Lease, if the Lease provides for the Lessee to procure a letter of credit

in lieu of cash funding of such amounts, any such letter of credit that the Lessee has procured names the Borrower and/or the applicable Aircraft Owning Entity as beneficiary;

(g) the insurance required to be maintained by the Lessee under the terms of such Lease together with the insurance maintained under the Contingent Policy and any other insurance maintained by a Borrower Group Member shall provide coverages, limits and other terms with respect to the Aircraft that are in every respect the same in substance as, or more favorable to the Administrative Agent and the Lenders than, the applicable provisions of Annex 1 of the Servicing Agreement;

(h) such Lease contains:

(i) provisions requiring the Lessee not to create any Lien in respect of such Aircraft or any part thereof except for permitted liens consistent with Leasing Company Practice, including Liens not affecting the applicable Aircraft Owning Entity's Ownership interest in such Aircraft or the use or operation of the Aircraft arising in the ordinary course of such Lessee's business;

(ii) provisions prohibiting the Lessee from flying or locating such Aircraft in any country in violation of applicable Requirements of Law or any insurance coverage required to be maintained by the Lessee;

(iii) representations and warranties as to, without limitation, the due execution of such Lease by the Lessee and the validity of the Lessee's obligations thereunder, due authorization of such Lease and procurement of relevant licenses and permits in connection therewith (or a legal opinion confirming such matters has been delivered to the relevant Lessor on behalf of the Lessee);

(iv) provisions stipulating that such Lease will terminate (or such Lease is capable of being terminated) upon the occurrence of an Event of Loss with respect to such Aircraft (other than with respect to an engine) and the satisfaction of the Lessee's obligations thereunder;

(v) provisions setting forth the conditions under which the Lessor may terminate such Lease and repossess the relevant Aircraft, at any time after the expiration of any agreed grace period or remedy period, in each case consistent with Leasing Company Practice;

(vi) provisions prohibiting the assignment by the Lessee of any benefits or obligations under the Lease to any Person, except (A) in the case of a merger, consolidation or transfer of all or substantially all assets by the Lessee, provided the successor assumes all of the Lessee's obligations under the Lease, or (B) otherwise consistent with Leasing Company Practice (*provided*, that in respect of any assignment under this clause (B) exception that involves an assumption of the existing Lessee's obligations and a corresponding release of the Lessee therefrom, the assuming lessee must be an Eligible Carrier);

(vii) provisions acknowledging that when the Lessee gives formal notice of acceptance of the relevant Aircraft, it takes delivery of such Aircraft with no condition, warranty or representation of any kind having been given by or on behalf of the Lessor in respect of such Aircraft, except as to matters expressly set forth in such Lease;

(viii) provisions stating that payments are to be made by the Lessee without set-off, counterclaim, withholding or any similar reduction, in each case with exceptions consistent with Leasing Company Practice;

(ix) provisions requiring the Lessee to maintain the relevant Aircraft in accordance with and pursuant to applicable governmental and regulatory requirements, and consistent with Leasing Company Practice;

(x) provisions permitting the Lessee to sublease the Aircraft only if the Lessee remains obligated to make payments on such Lease, except as permitted under specific conditions included in a Precedent Lease or with respect to specific classes of sublessees agreed by the applicable Lessor consistent with Leasing Company Practice (and *provided*, that in respect of any sublease under this exception, the sublessee must be an Eligible Carrier);

(xi) provisions prohibiting the Lessee from selling the Aircraft except upon exercise of a purchase option, any which purchase option must be a Qualifying Purchase Option as of the applicable Advance Date;

(xii) provisions making the Lessee's obligation to make rental payments absolute and unconditional under any and all circumstances and regardless of the occurrence of any events, with only such exceptions as are consistent with Leasing Company Practice;

(xiii) provisions requiring the Lessee to bear the cost of complying with all Lease covenants including those pertaining to operation, insurance, maintenance and return, except that the Lessor may agree in the Lease to a formula for sharing

the cost of compliance with airworthiness directives and manufacturer service bulletins, and to other concessions in respect of such costs, in each case consistent with Leasing Company Practice;

(xiv) provisions requiring the Lessee to maintain insurance with respect to the Aircraft, consistent with Leasing Company Practice; and

(xv) provisions requiring the Lessee to redeliver the Aircraft, including, if applicable, replacement engines and parts, on expiry or termination of the Lease (other than any expiration or termination coincident with the purchase of the Aircraft pursuant to the exercise of a purchase option by the Lessee), specifying the required return condition and any obligation of the Lessee to remedy or compensate the Aircraft Owning Entity that is the Lessor thereunder, directly or indirectly, for any material deviations

from such return condition, in each case considering the other terms of the relevant Lease and to the extent consistent with Leasing Company Practice;

provided, however, that "Eligible Lease" also means, individually and collectively, (X) a fully-executed lease by an Aircraft Owning Entity (as Lessor) to an Applicable Intermediary (as Lessee) of an Aircraft, which Lease satisfies each of the requirements for an "Eligible Lease" set forth in clauses (a) through (h) above except that the Lessee is not an Eligible Carrier, and (Y) a fully-executed sublease by such Applicable Intermediary (as sublessor) to an Eligible Carrier (as sublessee) of such Aircraft, and which sublease satisfies all the requirements for an "Eligible Lease" set forth in clauses (a) through (h) above, except that the sublessor is such Applicable Intermediary and the Eligible Carrier is a sublessee.

In addition, if any Lessee of an Aircraft otherwise constituting an Eligible Lease under this definition shall be in violation of any Anti-Terrorism Laws, including the Executive Order and the Patriot Act, such Lease shall cease to be an Eligible Lease due to such status of the Lessee until such violation is cured or the relevant Lease is otherwise terminated.

"Eligible Service Provider" means any member of the AerCap Group or another Person which, at the time of its appointment as a Service Provider, (i) is servicing a portfolio of aircraft leases, (ii) is legally qualified and has the capacity to service the Aircraft and the Leases, (iii) has demonstrated the ability professionally and competently to service a portfolio of aircraft leases similar to the Leases with reasonable skill and care, (iv) is qualified and entitled to use, pursuant to a license or other written agreement, and agrees to maintain the confidentiality of, the software which the applicable Service Provider uses in connection with performing its duties and responsibilities under this Agreement and the applicable Service Provider Agreement or otherwise has available software which is adequate in the judgment of the Administrative Agent to perform its duties and responsibilities under this Agreement and the applicable Service Provider Agreement and (v) is otherwise satisfactory to the Administrative Agent.

"Employee Benefit Plan" means, with respect to any Person, any employee benefit plan within the meaning of Section 3(3) of ERISA which (i) is maintained for employees of a Person or any of its ERISA Affiliates or is assumed by such Person or any of its ERISA Affiliates in connection with any acquisition or (ii) has at any time been maintained for the employees of such Person or any current or former ERISA Affiliate.

"Embargoed Person" has the meaning set forth in Section 10.36.

"Environmental Laws" means any federal, state, local or foreign statute, law, ordinance, code, rule, regulation, order, decree, permit or license regulating, relating to, or imposing liability or standards of conduct concerning, any environmental matters or conditions, environmental protection or conservation, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended; the Superfund Amendments and Reauthorization Act of 1986, as amended; the Resource Conservation and Recovery Act, as amended; the Toxic Substances Control Act, as amended; the Clean Air Act, as amended; the Clean Water Act, as amended; together with all regulations promulgated thereunder, and any other "Superfund" or "Superlien" law.

"Equity Interest" means, with respect to any Person, all of the issued and outstanding shares, interests or other equivalents of capital stock of such Person, whether voting or non-voting and whether common or preferred, all partnership, joint venture, limited liability company, beneficial interests in a trust (statutory or common law) or other equity interests in or other indicia of ownership of such Person, all options, warrants and other rights to acquire, and all securities convertible into, any of the foregoing, all rights to receive interest, income, dividends, distributions, returns of capital and other amounts of such Person (whether in cash, securities, property, or a combination thereof), and all additional stock, warrants, options, securities, interests and other property of such Person, from time to time paid or payable or distributed or distributable in respect of any of the foregoing, including all rights to receive amounts due and to become due under or in respect of any Investment Agreement or upon the termination thereof, all rights of access to the books and records of any such Person, and all other rights, powers, privileges, interests, claims and other property in any manner arising out of or relating to any of the foregoing, of whatever kind or character (including any tangible or intangible property or interests therein), and whether provided by contract or granted or available under applicable law in connection therewith, including the right to vote and to manage and administer the business of any such Person pursuant to any applicable Investment Agreement, together with all certificates, instruments and entries upon the books of financial intermediaries at any time evidencing any of the foregoing, in each case whether now owned or existing or hereafter acquired or arising.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time.

"ERISA Affiliate", as applied to any Person, means any other Person or trade or business which is a member of a group which is under common control with such Person, who together with such Person, is treated as a single employer within the meaning of Section 414(b) and (c) of the Internal Revenue Code.

"Euro" means the basic unit of currency among participating European Union countries.

"Eurocurrency Liabilities" has the meaning assigned to that term in Regulation D of the Board of Governors of the Federal Reserve System, as in effect from time to time.

"Eurodollar Rate" means, with respect to any Advance made by a Lender or any assignee of either, a rate per annum equal to:

(i) for any Interest Period commencing on a date other than a Payment Date as contemplated in the definition of Interest Period (*i.e.* that is a period of less than one month), the rate per annum determined by the Administrative Agent to be the average of the rates for one-month deposits in Dollars, as in effect on each Business Day during such Interest Period, which rate in each case is determined on each applicable date by the Administrative Agent by reference to the British Bankers' Association LIBOR Rates on Bloomberg (or such other service or services as may be nominated by the British Bankers' Association for the purpose of displaying London interbank offered rates for U.S. dollar deposits) on such date (or, if such date is not a Business Day, on the immediately preceding Business Day) at or about 11 a.m. New York City time; provided,

however, that if no rate appears on Bloomberg on any date of determination, Eurodollar Rate shall mean the rate for one-month deposits, in Dollars which appears on the Telerate Page 3750 on any such date of determination; provided, further, that if no such one-month deposit rate appears on either Bloomberg or such Telerate Page 3750, on any such date of determination the Eurodollar Rate shall be determined as follows: the Eurodollar Rate will be determined at approximately 11:00 a.m., New York City time, on each day on the basis of (a) the arithmetic mean of the rates at which one-month deposits, as applicable, in Dollars are offered to prime banks in the London interbank market by four (4) major banks in the London interbank market selected by the Administrative Agent and in a principal amount of not less than $75,000,000 that is representative for a single transaction in such market at such time, if at least two (2) such quotations are provided, or (b) if fewer than two (2) quotations are provided as described in the preceding clause (a), the arithmetic mean of the rates, as requested by the Administrative Agent, quoted by three (3) major banks in New York City, selected by the Administrative Agent, at approximately 11:00 a.m., New York City time, on such day, of one-month deposits in Dollars to leading European banks and in a principal amount of not less than $75,000,000 that is representative for a single transaction in such market at such time; and

(ii) for any monthly Interest Period commencing on a Payment Date and concluding on but excluding the next succeeding Payment Date (as contemplated in the definition of Interest Period), an interest rate per annum determined by the Administrative Agent by reference to the British Bankers' Association Settlement Rates for deposits in U.S. dollars appearing on the display designated as "Page 3750" on the Telerate Service (or any successor to or substitute for such service, as determined by the related Funding Agent from time to time for the purposes of providing quotations of interest rates applicable to deposits in U.S. dollars in the London interbank market) at approximately 11:00 A.M., London time, on the second Business Day before (and for value on) the first day of the Interest Period related to such Advance (*i.e.*, the Payment Date) as the rate for deposits with a maturity comparable to such Interest Period; provided, that if such rate is not available at such time for any reason, then the "Eurodollar Rate" shall be the rate at which deposits in U.S. dollars in a principal amount of not less than $1,000,000 and for a maturity comparable to such Interest Period are offered by the Administrative Agent in immediately available funds in the London interbank market at approximately 11:00 A.M. (London Time) on the second Business Day before (and for value on) the first day of such Interest Period.

"Eurodollar Rate Advances" has the meaning set forth in Section 6.1.

"Eurodollar Rate Reserve Percentage" of any Lender for any Interest Period in respect of which Yield is computed by reference to the Eurodollar Rate means the reserve percentage applicable two (2) Business Days before the first day of such Interest Period under regulations issued from time to time by the Board of Governors of the Federal Reserve System (or any successor) (or if more than one such percentage shall be applicable, the daily average of such percentages for those days in such Interest Period during which any such percentage shall be so applicable) for determining the maximum reserve requirement (including, without limitation, any

emergency, supplemental or other marginal reserve requirement) for such Lender with respect to liabilities or assets consisting of or including Eurocurrency Liabilities (or with respect to any other category of liabilities that includes deposits by reference to which the yield rate on Eurocurrency Liabilities is determined) having a term equal to such Interest Period.

"Event of Bankruptcy" shall be deemed to have occurred with respect to a Person if either:

(a) a case or other proceeding shall be commenced, without the application or consent of such Person, in any court, seeking the liquidation, examination, reorganization, debt arrangement, dissolution, winding up, or composition or readjustment of all or substantially all of the debts of such Person, the appointment of a trustee, receiver, examiner, conservator, custodian,

liquidator, assignee, sequestrator or the like for such Person or all or substantially all of its assets, or any similar action with respect to such Person under any law relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, and such case or proceeding shall continue undismissed, or unstayed and in effect, for a period of sixty (60) consecutive days; or an order for relief in respect of such Person shall be entered in an involuntary case under the federal bankruptcy laws or other similar laws now or hereafter in effect; or

(b) such Person shall commence a voluntary case or other proceeding under any applicable bankruptcy, insolvency, reorganization, debt arrangement, dissolution or other similar law now or hereafter in effect, or shall consent to the appointment of or taking possession by a receiver, examiner, conservator, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) for such Person or for any substantial part of its property, or shall make any general assignment for the benefit of creditors, or shall fail to, or admit in writing its inability to, pay its debts generally as they become due, or, if a corporation or other entity, its Board of Directors shall vote to implement any of the foregoing.

"Event of Default" has the meaning set forth in Section 13.1.

"Event of Loss" means with respect to any Aircraft (a) if the same is subject to a Lease, a "Total Loss," "Casualty Occurrence" or "Event of Loss" or the like (however so defined in the applicable Lease); or (b) if the same is not subject to a Lease, (i) its actual, constructive, compromised, arranged or agreed total loss, (ii) its destruction, damage beyond repair or being rendered permanently unfit for normal use for any reason whatsoever, (iii) requisition of title of such Aircraft, or its confiscation, restraint, detention, forfeiture or any compulsory acquisition or seizure or requisition for hire by or under the order of any government (whether civil, military or de facto) or public or local authority or (iv) its hijacking, theft or disappearance, resulting in loss of possession by the owner or operator thereof for a period of 30 consecutive days or longer. An Event of Loss with respect to any Aircraft shall be deemed to occur on the date on which such Event of Loss is deemed pursuant to the relevant Lease to have occurred or, if such Lease does not so deem or if the relevant Aircraft is not subject to a Lease, (A) in the case of an actual total loss or destruction, damage beyond repair or being rendered permanently unfit, the date on which such loss, destruction, damage or rendering occurs (or, if the date of loss or destruction is not known, the date on which the relevant Aircraft was last heard of); (B) in the case of a

constructive, compromised, arranged or agreed total loss, the earlier of (1) the date 30 days after the date on which notice claiming such total loss is issued to the insurers or brokers and (2) the date on which such loss is agreed or compromised by the insurers; (C) in the case of requisition of title, confiscation, restraint, detention, forfeiture, compulsory acquisition or seizure, the date on which the same takes effect; (D) in the case of a requisition for hire, the expiration of a period of 180 days from the date on which such requisition commenced (or, if earlier, the date upon which insurers make payment on the basis of such requisition); or (E) in the case of clause (iv) above, the final day of the period of 30 consecutive days referred to therein.

"Excluded Payments" has the meaning assigned to such term in the Security Trust Agreement.

"Executive Order" has the meaning set forth in Section 9.21.

"Expenses Apportionment Agreement" means the Loan, Expense Apportionment and Guarantee Agreement, dated as of April 26, 2006, among the borrower named therein, and the Borrower.

"FAA" means the United States Federal Aviation Administration.

"FAA Act" means 49 U.S.C. Subtitle VII, §§ 40101 et seq., as amended from time to time, any regulations promulgated thereunder and any successor provision.

"FAA Counsel" means a law firm having nationally recognized expertise in FAA matters that is reasonably satisfactory to the Administrative Agent, it being understood that as of the Closing Date, the firms of Debee, Gilchrist & Lidia, Daugherty, Fowler, Peregrin, Haught & Jensen, Crowe and Dunlevy, or McAfee & Taft, are each satisfactory to the Administrative Agent.

"Facility Limit" means $1,000,000,000.

"Facility Limit Percentage" means, with respect to any percentage determination relating to Aircraft Type Concentration Limits, Country/Region Concentration Limits or Widebody Maximum Percentage, and as of any date of determination, the percentage represented by the product of (a) the Class C Advance Rate applicable to Aircraft falling within the category being measured (and giving effect to all applicable Advance Rate Adjustments), times (b) the sum of the Adjusted Borrowing Values of all Aircraft falling within the category being measured, divided by (c) the amount of the Facility Limit.

"Facility Termination Date" means the earliest to occur of (i) the Stated Maturity Date or (ii) the date of the declaration, or automatic occurrence, of the Facility Termination Date pursuant to Section 13.2, and (iii) the date on which both of the following conditions exist: (A) the aggregate outstanding Advances and all other Obligations have been indefeasibly paid in full, and (B) the commitment of each Non-Conduit Lender to make any Advances hereunder shall have expired or been terminated.

"Federal Funds Rate" means, for any period, a fluctuating interest rate per annum equal for each day during such period to the

weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System arranged by Federal funds brokers, as published for such day (or, if such day is not a Business Day, for the next preceding Business Day) by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by the applicable Funding Agent from three Federal funds brokers of recognized standing selected by it.

"Fee Letter" has the meaning set forth in Section 3.4.

"Fees" means all fees and other amounts payable by the Borrower to the Administrative Agent under the Fee Letter.

"Financial Administrative Agent" has the meaning set forth in the Preamble.

"Fiscal Year" means a fiscal year for financial accounting purposes commencing on January 1 and ending on December 31.

"Fitch" means Fitch, Inc.

"Flow of Funds" means the cash flow allocation and distribution provisions set forth at Section 8.1(e) of this Agreement.

"Freighter Conversion" means the conversion of an Aircraft constituting a passenger Aircraft to one of the Freighter Types. For avoidance of doubt, an Aircraft that has been originally manufactured as a Freighter Type, is not considered to have been subjected to a Freighter Conversion, including for purposes of calculating its Applicable Useful Life.

"Freighter Conversion Effective Date" means, in respect of an Approved Aircraft Improvement constituting a Freighter Conversion, the date by which each of the following has occurred: (a) the completion of such Freighter Conversion, (b) the delivery of appropriate completion and/or airworthiness certificates associated therewith to the Administrative Agent, in form and substance acceptable thereto, and (c) the placing of such Aircraft back into service following such Freighter Conversion.

"Freighter Type" means any one of the Types of Aircraft designated as "B737-300F", "B737-400F", "B747-400F", "B757-200F", or "MD-11F" on Table 1 and Table 2 to Appendix I hereto.

"Funded Aircraft" means any Aircraft with respect to which Advances have been made hereunder.

"Funding Agent" means the UBS Funding Agent or an Other Funding Agent and any reference to a Funding Group's Funding Agent shall mean, with respect to the UBS Funding Group, the UBS Funding Agent, and with respect to an Other Funding Group, the related Other Funding Agent.

"Funding Group" means the UBS Funding Group or an Other Funding Group.

"Funding Group Limit" means the UBS Funding Group Limit, or an Other Funding Group Limit.

"Funding Group Majority Lenders" means, with respect to a particular Funding Group at any time, the Lenders in such Funding Group which have advanced more than 50% of the aggregate amount of all Advances which have been advanced by all Lenders in such Funding Group and remain outstanding at such time.

"Funding Threshold Event" means that the Adjusted Borrowing Value of Funded Aircraft in the Borrower's Portfolio does not, through a combination of the Initial Advance and Additional Advances, at least equal $100,000,000 by the thirtieth (30^{th}) day following the Closing Date (unless the Administrative Agent shall otherwise consent in writing in its sole discretion), provided, that any such Funding Threshold Event will be cured and no longer exist, once an Additional Advance following such 30^{th} day has the effect of increasing the above-described Adjusted Borrowing Value to at least $100,000,000.

"Future Lease" means, with respect to each Aircraft, any Eligible Lease as may be in effect at any time after the Initial Advance Date between a Borrower Group Member (as Lessor) and an Eligible Carrier (as Lessee), in each case other than any Initial Lease or Additional Lease.

"GAAP" means generally accepted accounting principles in the United States of America in effect from time to time.

"Government Entity" means: (a) any national government, political sub-division thereof, or local jurisdiction therein; (b) any instrumentality, board, commission, department, division, organ, court, exchange control authority, or agency of any thereof, however constituted; or (c) any association, organization, or institution of which any of the above is a member or to whose jurisdiction any thereof is subject or in whose activities any thereof is a participant.

"Hazardous Material" means and includes any pollutant, contaminant, or hazardous, toxic or dangerous waste, substance or material (including without limitation petroleum products, asbestos-containing materials and lead), the generation, handling, storage, transportation, disposal, treatment, release, discharge or emission of which is subject to any Environmental Law.

"Hedge Agreement" means one of the hedge agreements entered into by the Borrower pursuant to the terms of Section 10.32 hereof.

"Hedging Policy" has the meaning set forth in Section 10.32(a).

"Holding Account Control Agreement" means a written agreement (in form and substance reasonably acceptable to the Administrative Agent) among the Collateral Agent, the Borrower and the London Account Bank or the Hong Kong Account Bank, as the case may be, which agreement (i) provides for a valid grant of a security interest in and/or pledge and/or charge of or over the subject London Holding Account or Hong Kong Holding Account, as

applicable, under the laws stated to apply to such Account Control Agreement, (ii) allows for the receipt and deposit of funds therein representing Advance proceeds transferred from the Borrower Funding Account, (iii) allows for the timely disbursement of those proceeds pursuant to the direction of the Administrative Agent in connection with the Borrower's satisfaction of conditions precedent to such releases hereunder applicable to the Borrower's acquisition, directly or indirectly, of one or more Additional Aircraft, and (iv) provides for the return of all proceeds not so disbursed at the end of the related Holding Period to the Borrower Funding Account.

"Holding Period" has the meaning set forth in Section 2.3(c)(i).

"Holding Period Release Request" has the meaning set forth in Section 2.3(c(iv).

"Hong Kong Account Bank" means the commercial bank located in Hong Kong which has executed a Holding Account Control Agreement and which provides the Hong Kong Holding Account.

"Hong Kong Holding Account" means a deposit account, the subject of a Holding Account Control Agreement, established and maintained by the Borrower with the Hong Kong Account Bank.

"Improvement Advance" means an Additional Advance in respect of Approved Asset Improvement Costs (and, if applicable, the use of a portion of the related Class B Advance to increase the amounts in the Liquidity Reserve Account, and a portion of the related Class C Advance to increase the amounts in the Class C Reserve Account) rather than for the purpose of adding Additionally Financed Aircraft to the Borrower's Portfolio.

"Improvement Base Value Appraisal" means in connection with an Improvement Advance in respect of an Aircraft, the appraisal of the Base Value (adjusted for actual maintenance status) of such Aircraft from an Approved Appraiser, delivered after the completion of the related Approved Asset Improvement but not earlier than 45 days prior to the date of the related Improvement Advance.

"Improvement Current Market Value Appraisal " means in connection with an Improvement Advance in respect of an Aircraft, the appraisal of the Current Market Value (adjusted for actual maintenance status) of such Aircraft from an Approved Appraiser, delivered after the completion of the related Approved Asset Improvement but not earlier than 45 days prior to the date of the related Improvement Advance.

"Increased Availability Advance" means an Additional Advance following the initial existence of Critical Mass, not constituting an Improvement Advance or a Critical Mass Event Advance, and not for the purpose of financing the acquisition of an Additional Aircraft into the Borrower's Portfolio, but utilizing any increase in availability of Advances due to an increase in Adjusted Borrowing Values attributable to a change in an Advance Rate Adjustment.

"Indebtedness" of any Person means, without duplication:

(a) all obligations of such Person for borrowed money and all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(b) all obligations, contingent or otherwise, relative to the face amount of all letters of credit, whether or not drawn, and banker's acceptances issued for the account of such Person;

(c) all obligations of such Person as lessee under leases that have been or should be, in accordance with GAAP, recorded as capitalized lease liabilities;

(d) all obligations of such Person to pay the deferred purchase price of property;

(e) all obligations secured by an Adverse Claim upon property or assets owned by such Person, even though such Person has not assumed or become liable for the payment of such obligations; and

(f) all Contingent Liabilities of such Person in respect of any of the foregoing.

"Indemnification Agreement" means the Indemnification Agreement dated as of April 26, 2006 by AerCap Holdings C.V. in favor of the Borrower, the Collateral Agent and the Administrative Agent, or any successor to such agreement contemplated by Section 12.1(f) hereof and the terms thereof.

"Indemnified Amounts" has the meaning set forth in Section 16.1.

"Indemnified Party" has the meaning set forth in Section 16.1.

"Indemnitor" means AerCap Holdings C.V. as party to the Indemnification Agreement, and any successor thereto as contemplated in the definition of Indemnification Agreement.

"Individual Lessee Score" means, for purposes of determining Lessee Diversity Score and with respect to any particular Lessee of an Aircraft within the Borrower's Portfolio, the percentage represented by the quotient of one divided by the number of Aircraft in the Borrower's Portfolio under Lease to such Lessee (or any Affiliate thereof).

"Initial Advance Date" has the meaning set forth in Section 2.1(g)(i).

"Initial Advance Request" has the meaning set forth in Section 2.2(a).

"Initial Advances" has the meaning set forth in Section 2.1(c).

"Initial Base Value Appraisal" means with respect to any individual Aircraft, the appraisal of the Base Value (adjusted for actual maintenance status) of such Aircraft from an Approved Appraiser delivered not earlier than 45 days prior to the date of the initial Advance against such Aircraft.

"Initial Class A Advances" has the meaning set forth in Section 2.1(a).

"Initial Class A Borrowing Base" means an amount equal to Class A Borrowing Base, determined in respect of the Initial Financed Aircraft.

"Initial Class B Advances" has the meaning set forth in Section 2.1(b).

"Initial Class B Borrowing Base" means an amount equal to the Class B Borrowing Base determined in respect of the Initial Financed Aircraft.

"Initial Class C Advances" has the meaning set forth in Section 2.1(c).

"Initial Class C Borrowing Base" means an amount equal to the Class C Borrowing Base determined in respect of the Initial Financed Aircraft.

"Initial Current Market Value Appraisal" means with respect to any individual Aircraft, the appraisal of the Current Market Value (adjusted for actual maintenance status) of such Aircraft from an Approved Appraiser delivered not earlier than 45 days prior to the date of the initial Advance against such Aircraft.

"Initial Financed Aircraft" means an Aircraft with respect to which an Advance is made on the Initial Advance Date and which is listed as an "Initial Financed Aircraft" on Schedule I hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time.

"Initial Lease" means a Lease of an Initial Financed Aircraft which is listed as an "Initial Lease" on Schedule III hereto, as such schedule is required, pursuant to the terms hereof, to be amended, restated or otherwise modified from time to time.

"Initial Required Class C Reserve Amount" means, in respect of Advances against Aircraft occurring on the Initial Advance Date as referred to in Section 5.1(a)(ii) hereof, an amount equal to 0.40% of the Adjusted Borrowing Value of the Aircraft in the Borrower's Portfolio in respect of which such Advances are being made on such date.

"Initial Required Liquidity Reserve Amount" means, in respect of Advances against Aircraft occurring on the Initial Advance Date as referred to in Section 5.1(a)(i) hereof, an amount equal to 6% (or 4%, if Critical Mass will exist after giving effect to such initial Advances) of the Adjusted Borrowing Value of the Aircraft in the Borrower's Portfolio in respect of which such Advances are being made on such date.

"Insufficiency" has the meaning set forth in Section 5.1(d).

"Insurance Servicer" has the meaning set forth in the Preamble.

"Interest Period" means, as to any Advance (or portion thereof), the period commencing on the funding date of such Advance, and concluding on but excluding the next succeeding Payment Date, and each period thereafter commencing on a Payment Date and concluding on but excluding the next succeeding Payment Date; provided that:

(i) if any Interest Period for any Advance commencing before the Facility Termination Date would otherwise end on a date after the Facility Termination Date, such Interest Period shall be deemed to and shall end on the Facility Termination Date; and

(ii) the duration of each such Interest Period that commences on or after the Facility Termination Date, if any, shall be of such duration as shall be selected by the applicable Funding Agent.

"International Registry" means the international registry located in Dublin, Ireland, established pursuant to the Cape Town Convention.

"International Registry Procedures" means the official English language text of the Procedures for the International Registry issued by the supervisory authority thereof pursuant to the Cape Town Convention.

"Investment Agreement" means, with respect to any Person, any Operating Document or Organizational Document, joint venture agreement, limited liability company operating agreement, stockholders agreement or other agreement creating, governing or evidencing any Equity Interests and to which such Person is now or hereafter becomes a party, as any such agreement may be amended, modified, supplemented, restated or replaced from time to time pursuant to the terms thereof.

"Irish Bank" means any bank organized under the laws of the Republic of Ireland.

"Irish Pledge" means each Equitable Charge on Shares granted or to be granted by the applicable Borrower Group Member in favor of the Collateral Agent relating to each of its Irish incorporated Subsidiaries.

"Irish VAT Refund Account" means an account in the name of the Borrower and maintained with an Irish Bank.

"Lease" means a lease agreement, which is listed on Schedule III hereto, as such schedule is supplemented (or, if not so supplemented, required to be supplemented) pursuant to the terms hereof from time to time, between an Aircraft Owning Entity or an Applicable Intermediary, as lessor of an Aircraft, and an airline, air freight company or similar entity, as lessee of such Aircraft, in each case together with all schedules, supplements and amendments thereto, and each other document, agreement and instrument related thereto.

"Leasing Company Practice" means the reasonable commercial practices of leading international aircraft operating lessors.

"Lender Rate" means:

(a) with respect to any Advance made and held by a Lender in any Class A Funding Group, and the Interest Period related thereto, an interest rate per annum equal to the Eurodollar Rate applicable to such Interest Period plus the Applicable Class A

Margin; provided, however, that if the related Funding Agent determines that (x) funding such Advance at a Eurodollar Rate would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or (y) adequate and reasonable means do not exist for ascertaining the Eurodollar Rate, then, in any such case, such Funding Agent shall suspend the availability of such Eurodollar Rate for such Lender in the Class A Funding Group and such Advance for such Lender shall accrue Yield during such Interest Period at the Alternate Base Rate; and

(b) with respect to any Advance made and held by a Lender in any Class B Funding Group, and the Interest Period related thereto, an interest rate per annum equal to the Eurodollar Rate applicable to such Interest Period plus the Applicable Class B Margin; provided, however, that if the related Funding Agent determines that (x) funding such Advance at a Eurodollar Rate would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or (y) adequate and reasonable means do not exist for ascertaining the Eurodollar Rate, then, in any such case, such Funding Agent shall suspend the availability of such Eurodollar Rate for such Lender in the Class B Funding Group and such Advance for such Lender shall accrue Yield during such Interest Period at the Alternate Base Rate; and

(c) with respect to any Advance made and held by a Lender in any Class C Funding Group, and the Interest Period related thereto, an interest rate per annum equal to the Eurodollar Rate applicable to such Interest Period plus the Applicable Class C Margin; provided, however, that if the related Funding Agent determines that (x) funding such Advance at a Eurodollar Rate would violate any applicable law, rule, regulation, or directive, whether or not having the force of law, or (y) adequate and reasonable means do not exist for ascertaining the Eurodollar Rate, then, in any such case, such Funding Agent shall suspend the availability of such Eurodollar Rate for such Lender in the Class C Funding Group and such Advance for such Lender shall accrue Yield during such Interest Period at the Alternate Base Rate.

"Lenders" has the meaning set forth in the Preamble.

"Lessee" means the lessee under the applicable Lease.

"Lessee Diversity Score" means, with respect to the Borrower's Portfolio and as of any date of determination, the aggregate sum of the individual percentages, calculated for each individual Lessee of an Aircraft under Lease to such Lessee (a "Specified Lessee") or an Affiliate thereof, with such individual percentages determined pursuant to the following formula:

(ABVL / AABV) x ILS

where:

ABVL = the Adjusted Borrowing Value of Funded Aircraft under Lease to the Specified Lessee (or an Affiliate thereof);

AABV = the aggregate Adjusted Borrowing Value of all Funded Aircraft in the Borrower's Portfolio; and

ILS = the Individual Lessee Score for the Specified Lessee.

"Lessee Diversity Score Advance Rate Adjustment" means an adjustment to the Base Advance Rates based on the Lessee Diversity Score as follows:

(a) for any date of determination, if the Lessee Diversity Score as of such date is equal to or below 30%, the applicable Base Advance Rate is reduced by 10 percentage points so long as Critical Mass does not exist, and by 5 percentage points while Critical Mass exists;

(b) for any date of determination, (i) if the Lessee Diversity Score as of such date is lower than or equal to 39% but greater than 38%, the applicable Base Advance Rate will decrease by 6/10ths of a percentage point so long as Critical Mass does not exist, and by 3/10ths of a percentage point while Critical Mass exists, and (ii) for each additional integral percentage point from 38% down to 30% as to which the Lessee Diversity Score as of such date is lower than or equal to the higher integer and greater than the next lower integer, the applicable Base Advance Rate will decrease by an additional 6/10ths of a percentage point, so long as Critical Mass does not exist, and by 3/10ths of a percentage point while Critical Mass exists;

(c) for any date of determination, (i) if the Lessee Diversity Score as of such date is lower than or equal to 49% but greater than 48%, the applicable Base Advance Rate will decrease by 4/10ths of a percentage point so long as Critical Mass does not exist, and by 2/10ths of a percentage point while Critical Mass exists, and (ii) for each additional integral percentage point from 48% down to 39% as to which the Lessee Diversity Score as of such date is lower than or equal to the higher integer and greater than the next lower integer, the applicable Base Advance Rate will decrease by an additional 4/10ths of a percentage point, so long as Critical Mass does not exist, and by 2/10ths of a percentage point while Critical Mass exists; and

(d) for any date of determination as of which the Lessee Diversity Score as of such date is equal to or greater than 49%, the applicable Base Advance Rates will have no adjustment.

"Lessee Limitation Event" means that at any time after the Borrower initially achieves Critical Mass, and immediately after giving effect to any of the following:

(a) an acquisition into the Borrower's Portfolio of an Aircraft subject to a Lease, or

(b) the sale and consequent removal from the Borrower's Portfolio of an Aircraft subject to a Lease, or

(c) the leasing of an Aircraft within the Borrower's Portfolio (other than an extension or renewal with the same Lessee of a then-existing Lease),

any Country/Region Concentration applicable to a Lessee exceeds a Country/Region Concentration Limit.

"Lessee Location" means, where such term is used in connection with Country/Region Concentration, the country or geographical region (within the designated categories of same set forth in the table on Appendix I hereto headed "Geographical Diversification") in which the applicable Lessee is domiciled.

"Lessor" means the lessor under the applicable Lease.

"Lien" means any security interest, lien, mortgage, charge, pledge, preference, equity or encumbrance of any kind, including tax liens, mechanics' liens, conditional sale and any liens that attach by operation of law.

"Liquidity Reserve Account" has the meaning set forth in Section 5.1(a)(i).

"Local Aircraft Counsel" means any law firm having expertise in Applicable Foreign Aviation Law matters that is reasonably satisfactory to the Administrative Agent.

"London Holding Account" means a deposit account, the subject of a Holding Account Control Agreement, established and maintained by the Borrower with London Account Bank.

"London Account Bank" means the commercial bank located in London, England which has executed a Holding Account Control Agreement and which provides the London Holding Account.

"Lyon" means Lyon Location SARL, a company organized under the law of France.

"Lyon Assignment" means the Security Assignment dated April 26, 2006 between Lyon, as assignor, and Opal, as assignee, which includes as collateral the rights of Lyon under the Tombo Sublease and under the Mitsui Tombo Guaranty and the rights of Tombo under the Tombo Assignment, as such assignment may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Lyon Lease" means the Aircraft Specific Lease Agreement (incorporating provisions of the Common Terms Agreement referred to therein) dated March 17, 2006 between Opal, as lessor, and Lyon, as lessee, covering the leasing of the ANA Aircraft, as such lease may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Maintenance Reserve Account" means an account (number 51945) in the name of the Borrower and maintained with the Account Bank.

"Maintenance Reserves" means maintenance reserves or other supplemental rent payments based on usage of the Aircraft payable by the lessee under any Lease for purposes of reserving for the payments with respect to the future maintenance and repair of the related Aircraft.

"Material Adverse Effect" means a material adverse effect on (i) the interests, taken as a whole, of the Borrower, any Borrower Subsidiary, AerCap, the Collateral Agent, or the Lenders in the Aircraft, the Leases, the Related Security or any other Borrower Collateral, (ii) the Borrower's, any Borrower Subsidiary's, AerCap's, or any Service Provider's ability to perform its obligations under this Agreement or any other Transaction Document, as applicable, (iii) the validity or enforceability of this Agreement or any of the Credit Documents or (iv) the validity or enforceability of a substantial portion of the Leases.

"Maximum Aggregate Principal Amount" means, as of any date of determination, the sum of the Maximum Class A Principal Amount, the Maximum Class B Principal Amount and the Maximum Class C Principal Amount.

"Maximum Class A Principal Amount" means, as of any date of determination, the lesser of (a) the Class A Borrowing Base, and (b) the Class A Advances Limit.

"Maximum Class B Principal Amount" means, as of any date of determination, the lesser of (a) the Class B Borrowing Base, and (b) the Class B Advances Limit.

"Maximum Class C Principal Amount" means, as of any date of determination, the lesser of (a) the Class C Borrowing Base, and (b) the Class C Advances Limit.

"Minimum Category 1 Percentage" means 40%.

"Mitsui" means Mitsui & Co., Ltd., a company organized under the law of Japan.

"Mitsui Tateha Guaranty" means the Deed of Guarantee dated March 17, 2006, from Mitsui, as guarantor, in favor of Opal, as beneficiary, covering the obligations of Tateha under the Tateha Sale and Conditional Repurchase Agreement and the Tateha Aircraft Mortgage, as the such guaranty may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Mitsui Tombo Guaranty" means the Deed of Guarantee dated March 17, 2006, from Mitsui, as guarantor, in favor of Lyon, as beneficiary, covering the obligations of Tombo under the Tombo Lease, as the same may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Moody's" means Moody's Investors Service, Inc.

"Monthly Report" has the meaning set forth in Section 10.19(a)(i).

"Multiemployer Plan" means, as to any Person, a "multiemployer plan" as defined in Section 4001(a)(3) of ERISA to which such Person or any ERISA Affiliate is making, or is accruing an obligation to make, contributions or has made, or been obligated to make, contributions within the preceding six (6) Fiscal Years.

"New Accord" has the meaning set forth in Section 6.2(b).

"New Rules" has the meaning set forth in Section 6.2(b).

"Non-Conduit Lender" means any Lender other than a Conduit Lender.

"Non-Conduit Lender Commitment" of any Non-Conduit Lender means (a) with respect to UBSRESI and Class A Advances, $715,000,000, or such amount as reduced or increased by any Assignment and Assumption entered into by UBSRESI, (b) with respect to UBSRESI and Class B Advances, $180,000,000, or such amount as reduced or increased by any Assignment and Assumption entered into by UBSRESI, (c) with respect to UBSRESI and Class C Advances, $105,000,000, or such amount as reduced or increased by any Assignment and Assumption entered into by UBSRESI, and (d) with respect to a Non-Conduit Lender (other than a Non-Conduit Lender described in clauses (a) through (c) above) that has entered into an Assignment and Assumption, the amount set forth therein as such Non-Conduit Lender's Non-Conduit Lender Commitment, in each case as such amount may be reduced or increased by an Assignment and Assumption entered into by such Non-Conduit Lender.

"Non-Excluded Taxes" has the meaning set forth in Section 6.3(a).

"Non-Note Register" has the meaning set forth in Section 15.5(a).

"Non-Note Registrar" has the meaning set forth in Section 15.5(a).

"Non-Trustee Account" means any account in the name of the Borrower and maintained with a Non-Trustee Account Bank.

"Non-Trustee Account Bank" means a bank (other than the Account Bank) with which a Non-Trustee Account is maintained.

"Note" means any promissory grid note, in the form of Exhibit B, made payable to the order of a Funding Agent at the request of such Funding Agent for the benefit of a Funding Group or any replacement of such Note.

"Note Register" has the meaning set forth in Section 15.5(b).

"Note Registrar" has the meaning set forth in Section 15.5(b).

"Notice and Acknowledgment" means a Notice and Acknowledgment in form and substance reasonably acceptable to the Administrative Agent, provided that a notice and acknowledgment substantially in the form attached as Exhibit D to the Security Trust Agreement (but with changes from such form as determined by the Servicer in its sole discretion to address the comments or requests made by, and negotiations of the Servicer with, the Lessee as to the

Lessee's representations and coverage of indemnitees therein, but in all cases to include the Lessee representation set forth in clause (a) of paragraph 8 of the form at such Exhibit D) shall be deemed acceptable to the Administrative Agent.

"Obligations" means all obligations of the Borrower, AerCap, any Service Provider, or any Borrower Subsidiary to the Lenders, the Administrative Agent, the Funding Agents and the Collateral Agent arising under or in connection with this Agreement, the Notes, if any, and each other Transaction Document to which the Borrower, AerCap, such Servicer Provider, or any Borrower Subsidiary is a party.

"Obligor" means a Person obligated to make payments with respect to a Lease.

"OFAC" has the meaning set forth in Section 9.21.

"Off-Lease" means an Aircraft that is, as of any date of determination, not subject to an existing Lease. "Off-Lease Aircraft" has a correlative meaning.

"Opal" means Opal Aircraft Leasing Limited, a limited liability company incorporated under the laws of Ireland.

"Operating Documents" means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership, trust or other legally authorized incorporated or unincorporated entity, the bylaws, memorandum and articles of association, operating agreement, partnership agreement, limited partnership agreement, trust agreement or other applicable documents relating to the operation, governance or management of such entity.

"Operating Expenses" means amounts due by any Borrower Group Member with respect to (i) owner trustee fees and expenses, (ii) Taxes (other than Borrower Income Tax Expenses), and (iii) all other operating and administrative expenses payable or reimbursable by the Borrower.

"Opinion of Counsel" means a written opinion of independent counsel reasonably acceptable to the Administrative Agent, which opinion, if such opinion or a copy thereof is required by the provisions of this Agreement to be delivered to the Administrative Agent or to any Funding Agent, is acceptable in form and substance to the Administrative Agent.

"Organizational Documents" means with respect to any corporation, limited liability company, partnership, limited partnership, limited liability partnership, trust or other legally authorized incorporated or unincorporated entity, the articles of incorporation, certificate of incorporation, articles of organization, certificate of limited partnership, certificate of trust or other applicable organizational or charter documents relating to the creation of such entity.

"Other Conduit" means a commercial paper conduit administered by an Other Non-Conduit Lender which commercial paper conduit, under an Assignment and Assumption, an amendment to, or an amendment and restatement of this Agreement, as applicable, hereafter agrees to become a party hereto as a Conduit Lender hereunder.

"Other Fees" means all fees and other amounts payable by the Borrower to an Other Conduit, an Other Funding Agent or an Other Non-Conduit Lender pursuant to the Fee Letter.

"Other Funding Agent" means an Other Non-Conduit Lender in its capacity as funding agent for an Other Funding Group.

"Other Funding Group" means, collectively, an Other Conduit and each related Other Non-Conduit Lender.

"Other Funding Group Limit" means the maximum outstanding principal amount of Advances that may be extended by an Other Funding Group. As of the date of this Agreement, each Other Funding Group Limit is $0.

"Other Improvement Effective Date" means, in respect of an Approved Aircraft Improvement other than a Freighter Conversion, the date by which each of the following has occurred: (a) the completion of such Approved Aircraft Improvement, (b) the delivery of appropriate completion and/or airworthiness certificates associated therewith to the Administrative Agent, in form and substance reasonably acceptable thereto, and (c) the placing of such Aircraft back into service following such improvement.

"Other Non-Conduit Lender" means a bank or other financial institution which, under an Assignment and Assumption, an amendment to, or an amendment and restatement of this Agreement, as applicable, hereafter agrees to become a party hereto as a Non-Conduit Lender hereunder and/or any of its successors and assigns thereof permitted under the terms hereof.

"Other Non-Conduit Lender Percentage" of any Other Non-Conduit Lender means, (i) with respect to an Other Non-Conduit Lender, the percentage set forth on the signature page to an amendment to or an amendment and restatement of this Agreement, as such amount is reduced or increased by any Assignment and Assumption entered into with an Eligible Assignee (or other assignee consented to by the Borrower) or, after the occurrence of an Event of Default, any other Person or (ii) with respect to an Other Non-Conduit Lender that has entered into an Assignment and Assumption, the amount set forth therein as such Non-Conduit Lender's Other Non-Conduit Lender Percentage, as such amount is reduced or increased by an Assignment and Assumption entered into between such Other Non-Conduit Lender and an Eligible Assignee (or other assignee consented to by the Borrower) or, after the occurrence of an Event of Default, any other Person.

"Outstanding Class A Principal Amount" means, as of any date of determination, the sum of all outstanding Class A Advances.

"Outstanding Class B Principal Amount" means, as of any date of determination, the sum of all outstanding Class B Advances.

"Outstanding Class C Principal Amount" means, as of any date of determination, the sum of all outstanding Class C Advances.

"Outstanding Principal Amount" means, as of any date of determination, the sum of all outstanding Advances.

"Own" means, with respect to an Aircraft, to hold legal, direct and sole ownership of such Aircraft, or, in the case of the ANA Aircraft, to hold beneficial ownership pursuant to the ANA Beneficial Ownership Structure. The terms "Ownership" and "Owned by" have a correlative meaning.

"Owner Participant" means a Borrower Subsidiary which is the sole beneficial owner of one or more Aircraft by means of owning, pursuant to an Owner Trust Agreement, all of the beneficial interest in the Owner Trust which Owns such Aircraft.

"Owner Trust" means an owner trust, reasonably satisfactory to the Administrative Agent, (i) that is the legal owner of an Aircraft and (ii) all of the beneficial interest in which is owned by an Owner Participant pursuant to an Owner Trust Agreement.

"Owner Trust Agreement" means a trust agreement, reasonably satisfactory to the Administrative Agent, between an Owner Participant and an Owner Trustee.

"Owner Trustee" means a Person, not in its individual capacity, but solely in its capacity as the owner trustee of an Owner Trust under an Owner Trust Agreement, which such Person shall be (i) a bank or trust company having a combined capital and surplus of at least One Hundred Million Dollars ($100,000,000) and that is reasonably satisfactory to the Administrative Agent, or (ii) any other Person that is reasonably satisfactory to the Administrative Agent, it being understood that as of the Closing Date any of Wells Fargo Bank National Association, Wells Fargo Bank Northwest, National Association, Wilmington Trust Company, or U.S. Bank, National Association each are satisfactory to the Administrative Agent.

"Participant" means the party to a Participation Agreement identified as the "Participant" thereunder, which party either (A) has a long term debt rating of at least "A" from Standard & Poor's and/or "A2" from Moody's, or a short term debt rating of at least "A-1" from Standard & Poor's and/or "P-1" from Moody's, or (B) has otherwise been consented to by the Borrower (with such consent not to be unreasonably withheld or delayed).

"Participation Agreement" means a written agreement between UBSRESI and the applicable Participant, substantially in the form attached hereto as Exhibit J.

"Patriot Act" has the meaning set forth in Section 9.21.

"Payment Date" means the 10th day of each calendar month (commencing June 10, 2006), or if such 10th day is not a Business Day, the next succeeding Business Day.

"Pension Plan" means, with respect to any Person, any employee pension benefit plan within the meaning of Section 3(2) of ERISA, other than a Multiemployer Plan, which is subject to the provisions of Title IV of ERISA or Section 412 of the Code and which (i) is maintained for employees of such Person or any of its ERISA Affiliates or is assumed by such Person or any

of its ERISA Affiliates in connection with any acquisition or (ii) has at any time been maintained for the employees of such Person or any current or former ERISA Affiliate.

"Permitted Lien" means:

(i) any Lien for Taxes if (a) such Taxes shall not be due and payable, or (b) the obligation to pay such Taxes is being contested in good faith by appropriate proceedings and as to which reserves have been established and, in accordance with GAAP, are reflected in the relevant financial statements, provided, that any proceedings related thereto, or the continued existence of such Lien, does not give rise to any reasonable likelihood of the sale, forfeiture or other loss of the affected asset or of criminal liability on the part of any Borrower Group Member;

(ii) in respect of any Aircraft, any repairer's, carrier's or hangar keeper's, warehousemen's, mechanic's or materialmen's Lien or employee and other like Liens arising in the ordinary course of business by operation of law or any engine or parts-pooling arrangements or other similar Lien if such Liens (a) have not been due and payable for more than sixty (60) days, or (b) have been due and payable for more than sixty (60) days, but are being contested in good faith and as to which reserves, reasonably satisfactory to the Administrative Agent, have been established and in accordance with GAAP are reflected in the relevant financial statements, provided, that any proceedings related thereto, or the continued existence of the Lien, do not give rise to any reasonable likelihood of the sale, forfeiture or other loss of the affected assets or of criminal liability on the part of any Borrower Group Member;

(iii) any Lien for any air navigation authority, airport tending, gate or handling (or similar) charges or levies arising in the ordinary course of business unless such Lien gives rise to a reasonable likelihood of the sale, forfeiture or other loss of the affected assets or of criminal liability on the part of any Borrower Group Member;

(iv) any Lien created by a Lessee, a sublessee of a Lessee or any Person claiming by or through a Lessee or such a sublessee, provided that the Dollar equivalent amount of claims, charges or obligations asserted to be secured by such Lien, does not exceed 10% of the Adjusted Borrowing Value of the Aircraft as to which such Lien purports to attach, unless Effectively Bonded;

(v) any Lien created in favor of the Collateral Agent, the Administrative Agent, the Funding Agents or the Lenders pursuant to the Transaction Documents;

(vi) any permitted lien or encumbrance, as defined under any Lease, on any Aircraft or the engines or parts thereof (other than liens or encumbrances created by the relevant lessor);

(vii) the respective rights of the Aircraft Owning Entity, any Applicable Intermediary and the lessee under any applicable Lease (and the rights of any sublessee under any permitted sublease relating to such Lease) and the documents related thereto; and

(viii) Liens arising out of any judgment or amount with respect to which an appeal or proceding for review is being prosecuted in good faith by appropriate proceedings diligently conducted and with respect to which a stay of execution is in effect, and such stay is Effectively Bonded.

"Person" means an individual, partnership, corporation, business trust, limited liability company, joint stock company, trust, unincorporated association, joint venture, government or any agency or political subdivision thereof or any other entity.

"Platform" has the meaning set forth in Section 17.3(c).

"Pledge of Borrower Equity" means a pledge, assignment, grant, charge, security agreement or other similar instrument, to be entered into by Codan Trust Company Limited as holder of 95% of the entire Equity Interest in the Borrower, encumbering in favor of the Collateral Agent such 95% Equity Interest in the Borrower.

"Political Risk/Repossession Insurance" means coverage under (i) the insurance policy MJ 51225 provided by Willis Limited for the benefit of the Borrower as in effect on the Closing Date, in the form provided and certified as a true and correct copy by the Borrower to the Administrative Agent for review prior to the Closing Date, but subject to supplement and indorsement as necessary to procure coverage levels up to at least the Required Coverage Amount and/or to effect such other additional coverages or increases in coverage as

the Borrower or the Insurance Servicer may determine to obtain, and with such amendments, addendums, endorsements, extensions or replacements as may have been entered into consistent with the provisions of Section 10.34 hereof, or (ii) such other comparable insurance policy or policies in replacement of the foregoing as the Administrative Agent shall have reasonably approved.

"Precedent Lease" means (i) the lease under which an Aircraft is leased at the time such Aircraft becomes subject to the financing provided herein; or (ii) in connection with the leasing of an Aircraft to a Person that is or has been a lessee of aircraft from any Borrower Subsidiary, a form of lease substantially similar to the prior or pre-existing lease to such lessee from such lessor.

"Prohibited Countries" means those countries, as reasonably determined by the Administrative Agent from time to time (based upon applicable Rating Agency guidelines then in effect), in which Aircraft may not be registered in, or operated by lessees domiciled in or organized under the laws of, such countries without procuring insurance consistent with industry standards, which countries presently include Afghanistan, Albania, Bosnia, Burma, Burundi, Cambodia, Congo, Cote d'Ivoire, Cuba, Haiti, Herzegovina, Iran, Iraq, North Korea, Laos, Lebanon, Liberia, Libya, Montenegro, Rwanda, Serbia, any former Soviet Republic (other than Russia, Ukraine, Kazakhstan and Azerbaijan), Sudan, Syria, Yemen, Yugoslavia, Zaire and Zimbabwe.

"Purchase Agreement Guaranty" mean the Guaranty Agreement of AerCap C.V., dated as of the Closing Date, securing the obligations of AerCap under the AerCap-Borrower Purchase

Agreement, together with any successor or replacement thereof as contemplated in the provisions thereof and in Section 12.1(f).

"Qualifying Lender" means a Lender, beneficially entitled to the interest payable to such Lender under this Agreement (a) which is an entity qualifying as a body corporate; (b) which, by virtue of the law of a relevant territory, is resident for the purposes of tax in that relevant territory (a relevant territory for this purpose means (i) a Member State of the European Community (other than Ireland) or (ii) a territory which has concluded a double-tax treaty with Ireland which has force of law in Ireland and such relevant territory); and (c) to which the interest payments under this Agreement are not made in connection with a trade or business carried on by such Lender through a branch or agency in Ireland.

"Qualifying Purchase Option" means, with respect to a Lease that has a purchase option exercisable by the Lessee in respect of the Aircraft leased thereunder, that the expected purchase price of such option (as determined as of the Advance Date with respect to such Aircraft) will not be less than 95% of the Adjusted Borrowing Value of such Aircraft on the date of purchase pursuant to the option.

"Quarterly Report" means a report in substantially the form of Exhibit D hereto.

"Rating Agency" means Standard & Poor's and Moody's, or any of them.

"Records" means all Leases and other documents, books, records and other information (including, without limitation, computer programs, tapes, disks, data processing software (to the extent permitted by any applicable licenses) and related property and rights) directly related to the Leases and the other Aircraft Assets related to the Aircraft, and the servicing thereof, whether maintained by the Servicer or any other Person, and including without limitation with respect to each Lease: records including the lease number; Obligor name; Obligor address; Obligor business phone number; original term; rent; stated termination date; origination date; date of most recent payment; days (if any) currently delinquent; number of contract extensions (months) to date; expiration date of any current insurance policies; and past due late charges (if any).

"Related Expenses" means amounts due by any Borrower Group Member to an Obligor under a Lease or related document that are not funded out of the Maintenance Reserve Account or the Security Deposit Account.

"Related Security" means with respect to any Lease:

(a) any and all security interests or Liens and property subject thereto from time to time purporting to secure payment of such Lease;

(b) all guarantees, indemnities, warranties, letters of credit, escrow accounts, insurance policies and proceeds and premium refunds thereof and other agreements or arrangements of whatever character from time to time supporting or securing payment of such Lease whether pursuant to such Lease or otherwise;

(c) the Records relating to such Lease; and

(d) all proceeds of the foregoing.

"Replaced Lender" has the meaning set forth in Section 6.6(b).

"Replacement Lender" has the meaning set forth in Section 6.6(b).

"Required Class C Reserve Amount" means, for any date of determination, an amount equal to 0.40% of the Adjusted Borrowing

Value of the Funded Aircraft in the Borrower's Portfolio as of such date.

"Required Coverage Amount" means, with respect to any country described in clause (b)(2) of the definition of Approved Country List, an amount of available coverage under Political Risk/Repossession Insurance with respect to covered events affecting the related Funded Aircraft, which amount results in net proceeds available under such coverage at least equal to 105% of the aggregate Allocable Advance Amounts of Funded Aircraft registered in such country or leased by a Lessee organized or domiciled in such country (with such Allocable Advance Amount measured as of the date the Aircraft became a Funded Aircraft hereunder).

"Required Liquidity Reserve Amount" means, for any date of determination, an amount equal to (i) for so long as Critical Mass exists, 4%, and (ii) otherwise, 6%, in each case of the Adjusted Borrowing Value of the Funded Aircraft in the Borrower's Portfolio as of such date.

"Requirement of Law" means, as to any Person, any law, treaty, rule, order or regulation or determination of a regulatory authority or arbitrator or a court or other Government Entity, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including, without limitation, each Applicable Foreign Aviation Law applicable to such Person or the Aircraft Owned or operated by it or as to which it has a contractual responsibility.

"Section 6.3 Indemnitee" has the meaning set forth in Section 6.3(a).

"Security Deposit" means any security deposits, commitment fees, consultant fees and any other supplemental rent payments in respect thereof payable by any Lessee under a Lease.

"Security Deposit Account" means an account (number 51946) in the name of the Borrower and maintained with the Account Bank.

"Security Trust Agreement" means the Security Trust Agreement, dated as of April 26, 2006 and substantially in the form of Exhibit I hereto, among the Collateral Agent, the Borrower and each of the Borrower Subsidiaries from time to time, as such agreement may be amended, modified and/or restated from time to time pursuant to the terms thereof.

"Seller" means any seller or transferor of an Aircraft or Aircraft Owning Entity under a related Aircraft Acquisition Document.

"Service Provider Agreements" means, collectively, the Servicing Agreement, the Service Provider Administrative Agency Agreement, and the Cash Management Agreement.

"Service Provider Administrative Agency Agreement" means the Administrative Agency Agreement, dated as of April 26, 2006, among the Service Provider Administrative Agent, the Financial Administrative Agent, the Borrower, the Aircraft Owning Entities, the Owner Participants, the Applicable Intermediaries and the Administrative Agent, substantially in the form of Exhibit E hereto, as the same may be amended, modified and/or restated from time to time pursuant to the terms thereof.

"Service Provider Administrative Agent" has the meaning set forth in the Preamble.

"Service Provider Fees" means, with respect to any Payment Date, (a) a fee for the services of the Servicer under the Servicing Agreement, equal to 3.00%, (b) a fee for the services of the Administrative Agent under the Service Provider Administrative Agency Agreement, equal to 0.40%, (c) a fee for the services of the Cash Manager under the Cash Management Agreerment, equal to 0.40%, (d) a fee for the services of the Insurance Servicer under the Servicing Agreement, equal to 0.10%, and (e) a fee for the services of the Financial Administrative Agent under the Service Provider Administrative Agency Agreement, equal to 0.10%, in each case of the total amount of lease rental payments (excluding any Maintenance Reserves or Security Deposits, unless and until applied to Lease obligations, and/or any payments reimbursable to any Obligor) paid by Obligors and deposited into the Collection Account during the monthly period (or the portion thereof after the Initial Advance Date) commencing with a Determination Date (or, before the initial Determination Date, the Initial Advance Date) through the day preceding the next Determination Date.

"Service Providers" means, collectively, the Servicer, Service Provider Administrative Agent, Insurance Servicer, Cash Manager and Financial Administrative Agent.

"Servicer" has the meaning set forth in the Preamble.

"Servicer Advance" has the meaning assigned such term in Section 8.1(g).

"Servicer Advance Reimbursement" means the amount of a Servicer Advance, to which the Servicer shall be entitled to reimbursement under the Flow of Funds.

"Servicer Standard of Performance" means, collectively, the Standard of Care and the Conflicts Standard, in each case as such terms are defined in the Servicing Agreement.

"Servicer Termination Event" has the meaning set forth in Section 12.1.

"Servicing Agreement" means the Servicing Agreement, dated as of April 26, 2006, among the Servicer, the Insurance Servicer, the Service Provider Administrative Agent, the Financial Administrative Agent, the Borrower, the Aircraft Owning Entities, the Owner

Participants, the Applicable Intermediaries and the Administrative Agent, substantially in the form of Exhibit G hereto, as the same may be amended, modified and/or restated from time to time pursuant to the terms thereof.

"Settlement Date" means, with respect to any Advance, (x) each Payment Date, or (y) the date on which the Borrower shall repay or prepay Advances pursuant to Section 4.1 or Section 4.2.

"Solvent" means, when used with respect to any Person, that at the time of determination:

(i) the fair value of its assets (both at fair valuation and at present fair saleable value on an orderly basis) is in excess of the total amount of its liabilities, including Contingent Liabilities; and

(ii) it is then able and expects to be able to pay its debts as they mature;

(iii) with respect to any Person formed, organized or incorporated under the laws of Ireland, it is neither unable nor deemed to be unable to pay its debts within the meaning of Section 214 of the Companies Act, 1963 (as amended) or Section 2(3) of the Companies (Amendment) Act 1990; and

(iv) it has capital sufficient to carry on its business as conducted and as proposed to be conducted.

"Standard & Poor's" means Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc.

"State" means a State in the United States of America.

"Stated Maturity Date" means the fourth anniversary of the Conversion Date or, if such fourth anniversary is not a Business Day, the first Business Day following such fourth anniversary.

"Subsidiary" means, with respect to any Person (for purposes of this definition only, the "Parent") at any date, (i) any person the accounts of which would be consolidated with those of the Parent in the Parent's consolidated financial statements if such financial statements were prepared in accordance with GAAP as of such date, (ii) any other corporation, limited liability company, association, trust or other business entity of which securities or other ownership interests representing more than 50% of the voting power of all Equity Interests entitled (without regard to the occurrence of any contingency) to vote in the election of the Board of Directors thereof are, as of such date, owned, controlled or held by the Parent and/or one or more subsidiaries of the Parent, (iii) any partnership (a) the sole general partner or the managing general partner of which is the Parent and/or one or more subsidiaries of the Parent or (b) the only general partners of which are the Parent and/or one or more subsidiaries of the Parent and (iv) any other person that is otherwise Controlled by the Parent and/or one or more subsidiaries of the Parent.

"Supporting Party" means AerCap Holdings C.V. in its capacity as signatory to the Purchase Agreement Guaranty, and the Indemnity Agreement, together with any successor or replacement thereto as contemplated in the provisions thereof and in Section 12.1(f).

"Syndication Cooperation Agreement" means an agreement substantially in the form of Exhibit N hereto, dated on or before the Closing Date, among the Servicer, the Borrower and the Administrative Agent.

"Tateha" means Tateha Aircraft Holding Corporation, a company organized under the law of Japan.

"Tateha Aircraft Mortgage" means the First Priority Aircraft Mortgage Agreement dated March 17, 2006, between Tateha, as mortgagor, and Opal, as mortgagee, covering the ANA Aircraft, as such mortgage may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Tateha Sale and Conditional Repurchase Agreement" means the Sale and Conditional Repurchase Agreement dated March 17, 2006, among Opal, as Seller, Tateha, as Titleholder, and Mitsui, as Parent, covering the ANA Aircraft, as such agreement may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Taxes" means all taxes, levies, imposts, duties, charges, fees, deductions or withholdings imposed, levied, collected, withheld or assessed by any Governmental Entity.

"Tax Return" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof.

"Third Party Event" has the meaning set forth in Section 10.14.

"Tombo" means Tombo Capital Corporation, a company organized under the law of Japan.

"Tombo Assignment" means the Security Assignment dated March 17, 2006 between Tombo, as assignor, and Lyon, as assignee, which includes as collateral the rights of Tombo under the ANA Sublease, as such assignment may be amended, modified or

supplemented from time to time pursuant to the terms thereof.

"Tombo Sublease" means the Aircraft Sublease Agreement dated March 17, 2006 between Lyon, as lessor, and Tombo, as lessee, covering the leasing of the ANA Aircraft, as such sublease may be amended, modified or supplemented from time to time pursuant to the terms thereof.

"Transaction Documents" means the Credit Documents, any Aircraft Acquisition Document, and any other documents executed or to be executed and delivered by the Borrower, AerCap, any Service Provider or any Borrower Subsidiary in connection therewith.

"Type" means with respect to an Aircraft, the designation of Aircraft type or model which designation is set forth on Table 1 and Table 2 in Appendix I hereto.

"UBS Funding Agent" has the meaning set forth in the Preamble.

"UBS Funding Group" means, collectively, each UBS Non-Conduit Lender.

"UBS Funding Group Limit" means the maximum outstanding principal amount of Advances that may be extended by the UBS Funding Group. As of the date of this Agreement, the UBS Funding Group Limit is $1,000,000,000.

"UBS Non-Conduit Lender" means UBSRESI and/or any of its respective successors and assigns permitted under the terms hereof.

"UBS Non-Conduit Lender Percentage" of any UBS Non-Conduit Lender means, (i) with respect to UBSRESI, 100%, as such percentage is reduced or increased by any Assignment and Assumption entered into with an Eligible Assignee (or other assignee consented to by the Borrower) or, after the occurrence of an Event of Default, any other Person or (ii) with respect to another UBS Non-Conduit Lender that has entered into an Assignment and Assumption, the amount set forth therein as such UBS Non-Conduit Lender's UBS Non-Conduit Lender Percentage, as such amount is reduced or increased by any Assignment and Assumption entered into between such UBS Non-Conduit Lender and an Eligible Assignee (or other assignee consented to by the Borrower) or, after the occurrence of an Event of Default, any other Person.

"UBSRESI" has the meaning set forth in the Preamble.

"UBSS" has the meaning set forth in the Preamble.

"UCC" means the Uniform Commercial Code as from time to time in effect in the applicable jurisdiction or jurisdictions.

"Weighted Average Portfolio Age" means, as of any Payment Date for which the same is determined, the weighted (by Adjusted Borrowing Value) average Aircraft Age of the Borrower's Portfolio as of such date.

"Weighted Average Portfolio Age Limit" means 8.5 years.

"Weighted Average Portfolio Age Advance Rate Adjustment" means an adjustment to the Base Advance Rates based on the Weighted Average Portfolio Age as follows:

(a) for any date of determination as of which the Weighted Average Portfolio Age is above 8.0 years, the applicable Base Advance Rate is reduced by 1.50 percentage points so long as Critical Mass does not exist, and by 1.00 percentage points while Critical Mass exists;

(b) for any date of determination as of which the Weighted Average Portfolio Age is above 7.5 years, but at or below 8.0 years, the applicable Base Advance Rate is reduced by 1 percentage point so long as Critical Mass does not exist, and by 5/10ths of a percentage point while Critical Mass exists; and

(c) for any date of determination as of which the Weighted Average Portfolio Age is at or below 7.5 years, the applicable Base Advance Rates will have no adjustment.

"Wet Lease" means any arrangement whereby a lessee under a Lease (or the sublessee under any permitted sublease) agrees to furnish an Aircraft to a lessee pursuant to which (i) such lessee's (or permitted sublessee's) crew shall maintain full operational control of the Aircraft, (ii) such Aircraft shall be operated solely by regular employees of such lessee (or permitted sublessee) or independent contractors under the direction and supervision of such lessee (or permitted sublessee) possessing all current appropriate FAA or other Applicable Foreign Government Entity certificates and licenses (it is understood that cabin attendants need not be regular employees of such lessee), (iii) the insurance required under such Lease shall remain in full force and effect, (iv) such Aircraft shall be maintained and used by such lessee (or permitted sublessee) and any maintenance provider in accordance with its normal maintenance practices and as required by the terms of the applicable Lease (or any relevant permitted sublessee), and (v) the term of any such arrangement does not extend beyond the remaining term of the applicable Lease.

"Widebody Aircraft" means Aircraft of the following Types (from the list of Types shown on Table 1 of Appendix I hereto): any Type with a designation using "747", "767", "777", "A330" or "MD-11".

"Widebody Maximum Percentage" means 30%.

"Widebody Percentage" means, as of any date of determination, the Facility Limit Percentage of Funded Aircraft constituting Widebody Aircraft.

"Yield" means, with respect to any period and any Advance, the sum of the daily interest accrued on such Advances on each day during such period equal, for any such day, to the product of (x) the outstanding principal amount of such Advances on such day, (y) the applicable Lender Rate and (z) the applicable computation period determined in accordance with Section 3.5 of this Agreement,

provided that (1) after the occurrence of an Event of Default, Yield shall accrue at the Default Rate with respect to all Advances and (2) after the date any principal amount of any Advance is due and payable (whether on the Stated Maturity Date, upon acceleration or otherwise) or after any other monetary Obligation of the Borrower arising under this Agreement shall become due and payable, the Borrower shall pay (to the extent permitted by law, if in respect of any unpaid amounts representing Yield) Yield (after as well as before judgment) on such amounts at a rate per annum equal to (A) with respect to Advances, the greater of (i) the applicable Yield on such Advance as in effect on the date that such Advance became due and payable, and (ii) the Federal Funds Rate most recently determined by the Administrative Agent plus 0.50% per annum, and (B) with respect to other Obligations, the Federal Funds Rate most recently determined by the Administrative Agent plus 0.50% per annum.

SECTION 1.2 Other Definitional Provisions.

(a) Unless otherwise specified therein, all terms defined in this Agreement have the meanings as so defined herein when used in any Note or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto.

(b) Each term defined in the singular form in Section 1.1 or elsewhere in this Agreement shall mean the plural thereof when the plural form of such term is used in this Agreement, any Note or any other Transaction Document, certificate, report or other document made or delivered pursuant hereto, and each term defined in the plural form in Section 1.1 shall mean the singular thereof when the singular form of such term is used herein or therein.

(c) The words "hereof," "herein," "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, subsection, schedule and exhibit references herein are references to articles, sections, subsections, schedules and exhibits to this Agreement unless otherwise specified.

(d) All accounting terms not specifically defined herein shall be construed in accordance with GAAP. All terms used in Article 9 of the UCC in the State of New York, and not specifically defined herein, are used herein as defined in such Article 9 or any other article of the UCC in the State of New York.

ARTICLE II

THE FACILITY, ADVANCE PROCEDURES AND NOTES

SECTION 2.1 Facility.

(a) Initial Class A Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class A Funding Group may, on or after the Closing Date, in its sole discretion, and if the Conduit Lenders in such Class A Funding Group do not (or, if there are no Conduit Lenders in such Class A Funding Group), each Non-Conduit Lender in such Class A Funding Group shall, ratably, make an initial Class A Advance to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Initial Class A Advances").

(b) Initial Class B Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class B Funding Group may, on or after the Closing Date, in its sole discretion, and if the Conduit Lenders in such Class B Funding Group do not (or, if there are no Conduit Lenders in such Class B Funding Group), each Non-Conduit Lender in such Class B Funding Group shall, ratably, make an initial Class B Advance to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Initial Class B Advances"). Notwithstanding the foregoing, if UBSRESI has entered into a Participation Agreement relating to all or any portion of its Non-Conduit Lender Commitment with respect to Initial Class B Advances, it shall not be obligated to the Borrower to fund against such related amount of its commitment under this subsection if it does not receive funding in respect of such related amount from the applicable Participant.

(c) Initial Class C Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class C Funding Group may, on or after the Closing Date, in its sole discretion, and if the Conduit Lenders in such Class C Funding Group do not (or, if there are no Conduit Lenders in such Class C Funding Group), each Non-Conduit Lender in

such Class C Funding Group shall, ratably, make an initial Class C Advance to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Initial Class C Advances," and, together with the Initial Class A Advances and the Initial Class B Advances, the "Initial Advances"). Notwithstanding the foregoing, if UBSRESI has entered into a Participation Agreement relating to all or any portion of its Non-Conduit Lender Commitment with respect to Initial Class C Advances, it shall not be obligated to the Borrower to fund against such related amount of its commitment under this subsection if it does not receive funding in respect of such related amount from the applicable Participant.

(d) Additional Class A Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class A Funding Group may, in its sole discretion, and if the Conduit Lenders in such Class A Funding Group do not (or, if there are no Conduit Lenders in such Class A Funding Group), each Non-Conduit Lender in such Class A Funding Group shall, during the Additional Advance Commitment Period, ratably make Class A Advances to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Additional Class A Advances", and, together with the Initial Class A Advances, the "Class A Advances").

(e) Additional Class B Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class B Funding Group may, in its sole discretion, and if the Conduit Lender in such Class B Funding Group do not (or, if there are no Conduit Lenders in such Class B Funding Group), each Non-Conduit Lender in such Class B Funding Group shall, during the Additional Advance Commitment Period, ratably make Class B Advances to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Additional Class B Advances," and, together with the Initial Class B Advances, the "Class B Advances"). Notwithstanding the foregoing, if UBSRESI has entered into a Participation Agreement relating to all or any portion of its Non-Conduit Lender Commitment with respect to Additional Class B Advances, it shall not be obligated to the Borrower to fund against such related amount of its commitment under this subsection if it does not receive funding in respect of such related amount from the Participant.

(f) Additional Class C Advances. Subject to the terms and conditions of this Agreement, each of the Conduit Lenders, if any, in each Class C Funding Group may, in its sole discretion, and if the Conduit Lender in such Class C Funding Group do not (or, if there are no Conduit Lenders in such Class C Funding Group), each Non-Conduit Lender in such Class C Funding Group shall, during the Additional Advance Commitment Period, ratably make Class C Advances to the Borrower in such amounts as may be requested by the Borrower pursuant to Section 2.2 (the "Additional Class C Advances," and, together with the Initial Class C Advances, the "Class C Advances"; the Additional Class C Advances together with the Additional Class A Advances and the Additional Class B Advances, the "Additional Advances"). Notwithstanding the foregoing, if UBSRESI has entered into a Participation Agreement relating to all or any portion of its Non-Conduit Lender Commitment with respect to Additional Class C Advances, it shall not be obligated to the Borrower to fund against such related amount of its commitment under this subsection if it does not receive funding in respect of such related amount from the Participant.

(g) Class A Advance Limits, etc. Advances pursuant to clauses (a) and (d) above are subject to the following requirements:

(i) Initial Class A Advances, Initial Class B Advances and Initial Class C Advances, and Additional Class A Advances, Additional Class B Advances and Additional Class C Advances relating to the same Aircraft (or the same Critical Mass Event Advance or Increased Availability Advance or Improvement Advance, as the case may be), in each case shall be made on the same date (the "Initial Advance Date" or an "Additional Advance Date", as applicable);

(ii) After giving effect to such Advances, the Outstanding Class A Principal Amount outstanding hereunder shall not exceed the Maximum Class A Principal Amount and the Outstanding Class A Principal Amount advanced by any Non-Conduit Lender shall not exceed the Non-Conduit Lender Commitment of such Non-Conduit Lender;

(iii) the Outstanding Principal Amount outstanding hereunder shall not exceed the Maximum Aggregate Principal Amount; and

(iv) the aggregate principal amount of all Class A Advances made by any Class A Funding Group shall not exceed the related Funding Group Limit.

Each Class A Advance by a Class A Funding Group shall be made on a pro rata basis based on the Class A Funding Group Limit of such Class A Funding Group as a percentage of the aggregate Class A Funding Group Limits of all Class A Funding Groups and each Class A Advance by a Non-Conduit Lender in a Class A Funding Group shall be made on a pro rata basis based on the Non-Conduit Lender Commitment of such Non-Conduit Lender as a percentage of the aggregate Non-Conduit Lender Commitments of all Non-Conduit Lenders in such Class A Funding Group (except as otherwise provided in the proviso to the last sentence of this Section 2.1(g)). Payments or prepayments of the Class A Advances may be reborrowed from time to time prior to the Conversion Date as Additional Class A Advances, but only to finance a portion of the acquisition cost for acquiring an Additionally Financed Aircraft into the Borrower's Portfolio, or to finance the reimbursement of Approved Asset Improvement Costs with an Improvement Advance, or in a single drawdown on a Payment Date as a Critical Mass Event Advance, or in a drawdown on a Payment Date as an Increased Availability Advance, and in each case otherwise subject to the terms and conditions applicable to such Advances herein.

The obligations of the Class A Funding Groups to fund Advances hereunder are several and not joint; provided, however, that if a Class A Funding Group shall fail to fund a Class A Advance pursuant to the terms hereof, any other Class A Funding Group may, in its sole discretion, fund all or any portion of such Class A Advance without regard to the pro rata provisions of this Agreement and without regard to the Class A Funding Group Limit of such Class A Funding Group or the Non-Conduit Lender Commitment of any Non-

Conduit Lender included in such Class A Funding Group which shall be deemed adjusted to reflect any such funding without any other act by any Person being necessary.

(h) Class B Advance Limits, etc. Advances pursuant to clauses (b) and (e) above are subject to the following requirements:

(i) Initial Class B Advances, Initial Class C Advances and Initial Class A Advances, and Additional Class B Advances, Additional Class C Advances and Additional Class A Advances relating to the same Aircraft (or the same Critical Mass Event Advance or Increased Availability Advance or Improvement Advance, as the case may be), in each case shall be made on the same Initial Advance Date or Additional Advance date, as applicable;

(ii) After giving effect to such Advances, the Outstanding Class B Principal Amount shall not exceed the Maximum Class B Principal Amount and the Outstanding Class B Principal Amount advanced by any Non-Conduit Lender shall not exceed the Non-Conduit Lender Commitment of such Non-Conduit Lender;

(iii) the Outstanding Principal Amount shall not exceed the Maximum Aggregate Principal Amount; and

(iv) the aggregate principal amount of all Class B Advances made by any Class B Funding Group shall not exceed the related Funding Group Limit.

Each Class B Advance by a Class B Funding Group shall be made on a pro rata basis based on the Class B Funding Group Limit of such Class B Funding Group as a percentage of the aggregate Class B Funding Group Limits of all Class B Funding Groups and each Class B Advance by a Non-Conduit Lender in a Class B Funding Group shall be made on a pro rata basis based on the Non-Conduit Lender Commitment of such Non-Conduit Lender as a percentage of the aggregate Non-Conduit Lender Commitments of all Non-Conduit Lenders in such Class B Funding Group (except as otherwise provided in the proviso to the last sentence of this Section 2.1(h)). Payments or prepayments of the Class B Advances may be reborrowed from time to time prior to the Conversion Date as Additional Class B Advances, but only to finance a portion of the acquisition cost for acquiring an Additionally Financed Aircraft into the Borrower's Portfolio, or to finance the reimbursement of Approved Asset Improvement Costs with an Improvement Advance, or in a single drawdown on a Payment Date as a Critical Mass Event Advance, or in a drawdown on a Payment Date as an Increased Availability Advance, and in each case otherwise subject to the terms and conditions applicable to such Advances herein.

The obligations of the Class B Funding Groups to fund Advances hereunder are several and not joint; provided, however, that if a Class B Funding Group shall fail to fund a Class B Advance pursuant to the terms hereof, any other Class B Funding Group may, in its sole discretion, fund all or any portion of such Class B Advance without regard to the pro rata provisions of this Agreement and without regard to the Class B Funding Group Limit of such Class B Funding Group or the Non-Conduit Lender Commitment of any Non-Conduit Lender included in such Class B Funding Group which shall be deemed adjusted to reflect any such funding without any other act by any Person being necessary.

(i) Class C Advance Limits, etc. Advances pursuant to clauses (c) and (f) above are subject to the following requirements:

(i) Initial Class C Advances, Initial Class B Advances and Initial Class A Advances, and Additional Class C Advances, Additional Class B Advances and Additional Class A Advances relating to the same Aircraft (or the same Critical Mass Event Advance or Increased Availability Advance or Improvement Advance, as the case may be), in each case shall be made on the same Initial Advance Date or Additional Advance date, as applicable;

(ii) After giving effect to such Advances, the Outstanding Class C Principal Amount shall not exceed the Maximum Class C Principal Amount and the Outstanding Class C Principal Amount advanced by any Non-Conduit Lender shall not exceed the Non-Conduit Lender Commitment of such Non-Conduit Lender;

(iii) After giving effect to such Advances, the Outstanding Principal Amount shall not exceed the Maximum Aggregate Principal Amount; and

(iv) the aggregate principal amount of all Class C Advances made by any Class C Funding Group shall not exceed the related Funding Group Limit.

Each Class C Advance by a Class C Funding Group shall be made on a pro rata basis based on the Class C Funding Group Limit of such Class C Funding Group as a percentage of the aggregate Class C Funding Group Limits of all Class C Funding Groups and each Class C Advance by a Non-Conduit Lender in a Class C Funding Group shall be made on a pro rata basis based on the Non-Conduit Lender Commitment of such Non-Conduit Lender as a percentage of the aggregate Non-Conduit Lender Commitments of all Non-Conduit Lenders in such Class C Funding Group (except as otherwise provided in the proviso to the last sentence of this Section 2.1(i)). Payments or prepayments of the Class C Advances may be reborrowed from time to time prior to the Conversion Date as Additional Class C Advances, but only to finance a portion of the acquisition cost for acquiring an Additionally Financed Aircraft into the Borrower's Portfolio, or to finance the reimbursement of Approved Asset Improvement Costs with an Improvement Advance, or in a single drawdown on a Payment Date as a Critical Mass Event Advance, or in a drawdown on a Payment Date as an Increased Availability Advance, and in each case otherwise subject to the terms and conditions applicable to such Advances herein.

The obligations of the Class C Funding Groups to fund Advances hereunder are several and not joint; provided, however, that if a Class C Funding Group shall fail to fund a Class C Advance pursuant to the terms hereof, any other Class C Funding Group may, in its sole discretion, fund all or any portion of such Class C Advance without regard to the pro rata provisions of this Agreement and without regard to the Class C Funding Group Limit of such Class C Funding Group or the Non-Conduit Lender Commitment of any Non-Conduit Lender included in such Class C Funding Group which shall be deemed adjusted to reflect any such funding without any other act by any Person being necessary.

(j) UBSRESI Agreements re Participant Rights. With respect to the references to UBSRESI's funding obligations in the relevant provisions in Section 2.1 above in the event of a failure of a Participant to honor its funding agreement to UBSRESI under a Participation Agreement, UBSRESI agrees with the Borrower that UBSRESI will use commercially reasonable efforts to enforce its rights to receive funds from the Participant (and agrees to

consult with the Borrower in good faith as to the progress of its efforts in such enforcement) (the "Enforcement Efforts"); provided, that at the sole option of the Borrower, and upon the Borrower's written request, UBSRESI, in lieu of complying any further with the Enforcement Efforts, will promptly assign to AMS AerCap all of its rights to enforce against the Participant such dishonored funding obligation (and will execute any necessary powers of attorney, and give other commercially reasonable further assurances to or cooperations with the assignee, in order for the assignee to receive the full benefit of the assignment of such rights against the Participant under the Participation Agreement).

SECTION 2.2 Advance Procedures.

(a) Initial Advances. By at least 11:00 a.m., New York time, two (2) Business Days prior to the Initial Advance Date (or at such later time, on or prior to the Initial Advance Date, as the Borrower and the Administrative Agent may agree), the Borrower may request Initial Advances hereunder, by giving notice (herein called an "Initial Advance Request") to the Administrative Agent and each Funding Agent. The Initial Advance Request shall be substantially in the form of Exhibit A and shall include the date and amount of the Initial Advance, and a borrowing base certification satisfactory to the Funding Agents, setting forth the information required therein. The Initial Advance shall be made against, and in connection with the acquisition into the Borrower's Portfolio of, an aggregate Adjusted Borrowing Value of Aircraft as specified on the related Initial Advance Request, allocated among Class A Advances, Class B Advances and Class C Advances based on the respective applicable Borrowing Bases at such time (and giving effect to such acquisition in determining the applicable Borrowing Bases), and shall be allocated *pro rata* among the Funding Groups based on their respective Funding Group Limits. The Borrower's Initial Advance Request shall be irrevocable unless and to the extent otherwise agreed among the parties in connection with closing the Initial Advances on the Closing Date.

(b) Additional Advances. During the Additional Advance Commitment Period, the Borrower may request Additional Advances from time to time hereunder, by giving notice (herein called an "Additional Advance Request") to the Administrative Agent and the Collateral Agent and Account Bank (with a copy to be sent or delivered separately to each Funding Agent and, if funding through a Holding Account Bank is to be applicable, to the applicable Holding Account Bank), of the proposed Additional Advances not later than 11:00 a.m., New York time, three (3) Business Days prior to the proposed date of such Advances. The Additional Advance Request shall be substantially in the form of Exhibit A and shall include (i) the date and amount of such Additional Advances, (ii) whether and to what extent such Additional Advance constitutes an Additional Advance for the purpose of the Borrower's directly or indirectly acquiring Additionally Financed Aircraft, a Critical Mass Event Advance, an Improvement Advance or an Increased Availability Advance, (iii) whether such Additional Advance will involve transfers of Advance proceeds initially deposited into the Borrower Funding Account to either or both of the London Holding Account and/or the Hong Kong Holding Account pending subsequent release to the Borrower during the Holding Period (as defined in subsection (c) of Section 2.3 below), and if so the amount of such transfers to such accounts, (iv) the amount of the proceeds of any such Advance (A) if constituting proceeds of a Class B Advance, to be transferred from the Borrower Funding Account for deposit into the Liquidity Reserve Account,

and (B) if constituting proceeds of a Class C Advance, to be transferred from the Borrower Funding Account for deposit into the Class C Reserve Account, and (v) a borrowing base certification satisfactory to the Administrative Agent, setting forth the information required therein. Each Additional Advance Request (i) shall be for an aggregate principal amount of at least $5,000,000 (except that the final Additional Advance Request preceding the Conversion Date may be for a lesser amount), (ii) shall be made against, and in connection with (unless constituting an Improvement Advance, a Critical Mass Event Advance or an Increased Availability Advance) the anticipated acquisition into the Borrower's Portfolio of an aggregate Adjusted Borrowing Value of Aircraft as specified on the related Additional Advance Request, (iii) shall be allocated among Class A Advances, Class B Advances and Class C Advances based on the respective Borrowing Bases at such time (and, in the case of Additionally Financed Aircraft, based on the respective Borrowing Bases but calculating them giving effect to and assuming all the proposed Additionally Financed Aircraft anticipated to be funded through such Advances will be funded on the same date within the Holding Period, and (iv) shall be allocated *pro rata* among the Funding Groups based on their respective Funding Group Limits.

(c) Funding Group Procedures; Monthly Eurodollar Rate Determination.

(i) The UBS Funding Agent shall promptly send notice of each proposed Advance (and the UBS Funding Group's ratable share thereof) to all of the UBS Non-Conduit Lenders concurrently by telecopier, or electronic mail promptly

confirmed by telecopier, specifying the date of such Advance, the UBS Non-Conduit Lender Percentage of each UBS Non-Conduit Lender multiplied by the aggregate amount of the UBS Funding Group's ratable share of the Advance being requested and whether the Yield for the Interest Period for such Advance is calculated based on the Eurodollar Rate or the Alternate Base Rate.

(ii) Each Other Funding Agent shall promptly send notice of each proposed Advance (and the Other Funding Group's ratable share thereof) to all of the Other Non-Conduit Lenders concurrently by telecopier, or electronic mail promptly confirmed by telecopier, specifying the date of such Advance, the Other Non-Conduit Lender Percentage of each Other Non-Conduit Lender multiplied by the aggregate amount of the Other Funding Group's ratable share of the Advance being requested and whether the Yield for the Interest Period for such Advance is calculated based on the Eurodollar Rate or the Alternate Base Rate.

(iii) If a Conduit Lender in an Other Funding Group, if ever any, has determined not to make its ratable share of a proposed Advance (or if there is no Conduit Lender in such Other Funding Group), the related Other Funding Agent shall promptly send notice of the proposed Advance (and such Conduit Lender's ratable share thereof, if applicable) to all of the related Non-Conduit Lenders in such Other Funding Group concurrently by telecopier or electronic mail specifying the date of such Advance, the Other Non-Conduit Lender Percentage of each Other Non-Conduit Lender multiplied by the aggregate amount of the applicable Other Funding Group's ratable share of the Advance being requested, and whether the Yield for the Interest Period for such Advance is calculated based on the Eurodollar Rate or the Alternate Base Rate.

(iv) The Administrative Agent shall, three (3) Business Day's before the first day of each full monthly Interest Period during which the Advances will continue to bear interest based upon the Eurodollar Rate (that is, on the Determination Date, which is three Business Days prior to its related Payment Date), determine the rate of interest for the upcoming one month Interest Period for each Funding Group's ratable share of the outstanding Advances, as contemplated in the definition of Eurodollar Rate. The Administrative Agent shall thereupon promptly notify the Borrower and each Funding Agent of the Eurodollar Rate it so determines, which will then constitute the Eurodollar Rate applicable to each Funding Group's ratable share of the Advances for the upcoming monthly Interest Period.

SECTION 2.3 Funding.

(a) Subject to the satisfaction of the conditions precedent set forth in Section 7.1, as well as the conditions precedent in Section 7.5 with respect to the Initial Advance, or the conditions in Section 7.3 and Section 7.5 with respect to an Additional Advance constituting an Improvement Advance, or the conditions in Section 7.4 and Section 7.5 with respect to an Additional Advance constituting a Critical Mass Event Advance or an Increased Availability Advance, as well as (in each case) the limitations set forth in Section 2.1 and Section 2.2, each Funding Agent, based on the respective fundings made by the applicable Conduit Lender[s] (if any) and/or Non-Conduit Lenders in its Funding Group, shall, by wire transfer, make the proceeds of such requested Advance available in the Deutsche Bank "Trust and Securities Services Account" (following which the Collateral Agent/Account Bank shall immediately transfer such funds to Borrower Funding Account) in same day funds no later than 12:30 p.m., New York time, on the proposed date of the Advance; provided, that with respect to Improvement Advances, the proceeds thereof shall be wire transferred at the direction of the Borrower to the appropriate account of AerCap in repayment of the related amounts borrowed under the AerCap Liquidity Facility, and the proceeds of a portion of the related Class B Advances and Class C Advances associated with an Improvement Advances, Critical Mass Advance or Increased Availability Advance may be directed by the Borrower for transfer from the Borrower Funding Account for deposit into the Liquidity Reserve Account or Class C Reserve Account, respectively, to increase the balances therein up to their required funding levels. The Account Bank shall (i) not release any funds in the Borrower Funding Account to, or at the direction of, the Borrower unless the Account Bank shall have received written instructions (which written instructions may be provided by e-mail) to do so from the Administrative Agent, and also shall have received written directions (which written directions may be provided by e-mail) from the Borrower of the amounts to disburse and payment instructions, and (ii) if an Advance is not to be made on the proposed date for such Advance because any condition precedent with respect to such Advance has not been satisfied, return to the applicable Funding Agent, the funds made available in the Borrower Funding Account by such Person upon receipt of a written request of such Person. Notwithstanding the foregoing, the funding and release procedures applicable to Additional Advances requested to finance the acquisition of one or more anticipated Additionally Financed Aircraft, as described on the related Additional Advance Request, shall be as set forth in subsection (c) of this Section below (including the provisions in such subsection relevant to satisfaction of the conditions in Section 7.2 and Section 7.5 with respect to any such Additional Advance).

(b) Notwithstanding anything herein to the contrary, (x) a Non-Conduit Lender shall not be obligated to make an Advance under this Section 2.3 at any time in an amount which would exceed such Non-Conduit Lender's Non-Conduit Lender Commitment, less the amount of any prior Advances still outstanding made by such Non-Conduit Lender, and (y) if a Non-Conduit Lender in a Class B Funding Group or Class C Funding Group has entered into a Participation Agreement relating to all or any portion of its Non-Conduit Lender Commitment, it shall not be obligated to the Borrower to fund against such related amount of its commitment if it does not receives funding in respect of such related amount from the Participant. Each Non-Conduit Lender's obligation shall be several, such that the failure of any Non-Conduit Lender to make available to the applicable Funding Agent any funds in connection with any Advance shall not relieve any other Non-Conduit Lender of its obligation, if any, hereunder to make funds available on the date of such Advance, but no Non-Conduit Lender shall be responsible for the failure of any other Non-Conduit Lender to make funds available in connection with any Advance; provided, however, that:

(i) if a Class A Non-Conduit Lender shall fail to make available to the applicable Funding Agent any funds in connection with any Class A Advance, any other Class A Non-Conduit Lender in the same Funding Group (or any other Class A Non-Conduit Lender in any other Funding Group) may, in its sole discretion, make available to the Administrative Agent any such funds without regard to the pro rata provisions of this Agreement and without regard to the Class A Non-Conduit Lender Commitment of such Non-Conduit Lender, each of which shall be deemed to be adjusted to reflect such Advance without any act of any Person being necessary therefor;

(ii) if a Class B Non-Conduit Lender shall fail to make available to the applicable Funding Agent any funds in connection with any Class B Advance, any other Class B Non-Conduit Lender in the same Funding Group (or any other Class B Non-Conduit Lender in any other Funding Group) may, in its sole discretion, make available to the Administrative Agent any such funds without regard to the pro rata provisions of this Agreement and without regard to the Class B Non-Conduit Lender Commitment of such Non-Conduit Lender, each of which shall be deemed to be adjusted to reflect such Advance without any act of any Person being necessary therefor; and;

(iii) if a Class C Non-Conduit Lender shall fail to make available to the applicable Funding Agent any funds in connection with any Class C Advance, any other Class C Non-Conduit Lender in the same Funding Group (or any other Class C Non-Conduit Lender in any other Funding Group) may, in its sole discretion, make available to the Administrative Agent any such funds without regard to the pro rata provisions of this Agreement and without regard to the Class C Non-Conduit Lender Commitment of such Non-Conduit Lender, each of which shall be deemed to be adjusted to reflect such Advance without any act of any Person being necessary therefor.

(c) Notwithstanding the provisions of subsection (a) of this Section 2.3 above, the following funding and funds release procedures shall apply to Additional Advances requested to finance the Borrower's acquisition, directly or indirectly, of one or more anticipated Additionally Financed Aircraft, as described on the related Additional Advance Request (and references

below to such acquisitions, shall be deemed to refer to the Borrower indirect acquisition through one or more Borrower Subsidiaries of such Aircraft).

(i) The Borrower's Additional Advance Request, in addition to containing the other information required for Additional Advance Requests described in Section 2.2(b), (A) shall identify the amount of Advance proceeds initially deposited into the Borrower Funding Account to be transferred to the London Holding Account and/or the Hong Kong Holding Account (or if no such funds are to be so transferred, shall specifically so indicate), and (B) shall identify, with the greatest specificity feasible, the date or dates (any of which shall be a Business Day), not less than three, and not more than eight, Business Days from the date that the Borrower delivers such Advance Request (such period, the "Holding Period"), that the Borrower anticipates that the conditions precedent to funding against each proposed Additionally Financed Aircraft set forth in Sections 7.2 and 7.5 shall be satisfied as to each such requested Aircraft.

(ii) Based upon such Additional Advance Request containing the information set forth in clause (i) of this subsection (c) (and the borrowing base certification referred to in Section 2.2(b) above), and subject to the limitations set forth in Section 2.1 and Section 2.2, each Funding Agent, based on the respective fundings made by the applicable Conduit Lender[s] (if any) and/or Non-Conduit Lenders in its Funding Group, shall by wire transfer, make the entire proceeds of such requested Additional Advance available in the Deutsche Bank "Trust and Securities Services Account" (following which the Collateral Agent/Account Bank shall immediately transfer such funds to the Borrower Funding Account) in same day funds no later than 12:30 p.m., New York time, on the third Business Day following delivery of the related Additional Advance request. The Funding Agent (through the receipt of funds from the related Lenders) is to make such proceeds available in the Borrower Funding Account notwithstanding that the funding conditions set forth in Section 7.2 and 7.5 for acquisition of an Additionally Financed Aircraft shall not yet have been satisfied in respect of all or any portion of the anticipated Additionally Financed Aircraft. The respective amounts so advanced by the Lenders through the related Funding Agent shall be based on the applicable Borrowing Bases certified to by the Borrower as part of the related Additional Advance Request (and assuming that all proposed Aircraft become Funded Aircraft by the end of the Holding Period). Such Advances by the Lenders shall constitute Advances for all purposes hereunder on and as of the date made, notwithstanding that any one or more of the proposed Aircraft may not become Additionally Financed Aircraft during the Holding Period.

(iii) Following receipt of such Advances in the Borrower Funding Account, if the related Advance Request has so specified, the Account Bank shall transfer on the date of receipt, and without further direction or authorization from the Borrower, any Funding Agent or the Administrative Agent required, the specified amount of funds to the London Holding Account and/or the Hong Kong Holding Account, as applicable.

(iv) On any Business Day during the Holding Period, and while funds from the above-described Advances remain within the Borrower Funding Account, London

Holding Account or Hong Kong Holding Account, as the case may be, the Borrower may request a release of funds from such account to it or at its direction, for the purpose of financing a portion of the acquisition cost of one or more of the Aircraft

described in the Additional Advance Request. The Borrower shall make such request by giving notice (herein called a "Holding Period Release Request") to the Administrative Agent for the requested release of funds not later than 10:00 a.m., New York time, on the requested date of funding, which (A) shall be a Business Day, and (B) shall be a day within the Holding Period. The Holding Period Release Request (1) shall include the date and amount of such desired release of funds, (2) shall specify the applicable account or accounts from which such release shall occur, (3) shall specify wire transfer instructions for the delivery of released funds to their intended recipient, (4) shall specify a time for such release to occur (or otherwise indicate a manner for communicating such time of release mutually acceptable to the Borrower and the Administrative Agent), subject to the limitations of clause (v) immediately below, (5) shall indicate that such release is for the purpose of funding a direct acquisition of one or more of the Additionally Financed Aircraft identified in the related Additional Advance Request (and specifically identify the Aircraft to be funded with each requested release), and (6) shall contain a borrowing base certification satisfactory to the Administrative Agent, setting forth the information required therein. Each Holding Period Release Request shall be for an aggregate amount of at least $1,000,000, but not exceeding the proceeds of the related Advances held on deposit in the applicable account.

(v) Assuming compliance with the foregoing notice procedures and the satisfaction of each of the conditions precedent to an Additional Advance for the purpose of acquiring an Additionally Financed Aircraft under Section 7.2 and the conditions set forth in Section 7.5, the Administrative Agent shall (A) in the case of transfers from the Borrower Funding Account, instruct the Account Bank to transfer the requested funds to the specified recipient account, at the time the Borrower has requested that such transfer be made pursuant to the Holding Period Release Request (but in no event later than 4 p.m., New York time, on the requested date), and the Account Bank hereby agrees to comply with such instruction; *provided, however*, that each of the parties hereto understands and agrees that in the event that the Administrative Agent does not provide written notification to the Collateral Agent and Account Bank by 2 p.m. New York time stating that no such transfer instructions shall be delivered on that date, any funds in the Borrower Funding Account may remain uninvested until the next succeeding Business Day, and (B) in the case of transfers from the London Holding Account or the Hong Kong Holding Account, instruct the London Account Bank and/or the Hong Kong Account Bank, consistent with its authorizations to do so in the related Holding Account Control Agreements, to transfer the requested funds to the specified recipient account, at the time the Borrower has requested that such transfer be made pursuant to the Holding Period Release Request (but in no event later than the time specified in the applicable Holding Account Control Agreement on the requested date).

(vi) The Borrower may at any time and, if the Borrower fails to do so after the Holding Period ends, the Administrative Agent shall, direct the London Account Bank and/or Hong Kong Account Bank to transfer funds remaining on deposit in the London

Holding Account and/or the Hong Kong Holding Account back to the Borrower Funding Account, and direct the Account Bank to transfer (following receipt of the funds transfers referred to above into the Borrower Funding Account, if applicable) all funds remaining in the Borrower Funding Account after the Holding Period ends to the applicable Funding Agent for the account of the each Lender in repayment of the related Advances not invested in an Aircraft acquisition, pro rata based on the respective proportionate amount of such Advances initially funded. Any outstanding accrued interest on such repaid Advances, together with breakage amounts, if any, that may be owing in respect of such repayment pursuant to Section 6.4, will be payable by the Borrower on the next Payment Date following the calendar month in which such repayment occurs, pursuant to the Flow of Funds, and need not be paid by the Borrower concurrently with such repayments

(vii) Notwithstanding the foregoing provisions of this subsection (c), the Borrower will not be permitted to use the funding mechanisms contemplated in the London Holding Account and the Hong Kong Holding Account until the applicable account has been established and made subject to a Holding Account Control Agreement, and until the Borrower has procured a legal opinion, addressed to the Administrative Agent and the Collateral Agent and in form and substance reasonably satisfactory to the Administrative Agent, to the effect that the Collateral Agent has, pursuant to the Holding Account Control Agreement or otherwise, a valid, perfected (to the extent such concept applies under applicable law governing the Holding Account Control Agreement), enforceable first priority security interest in, pledge of, lien on or charge over, the London Holding Account or Hong Kong Holding Account, as applicable.

SECTION 2.4 Representation and Warranty. Each request for an Advance pursuant to Section 2.2 or delivery of a Holding Period Release Request shall automatically constitute a representation and warranty by the Borrower to the Administrative Agent, the Funding Agents and the Lenders that, on the date of such Advance or the date of release of funds contemplated in the Holding Period Release Request, and after giving effect to such Advance or release and the consummation of the transactions contemplated in the making of such Advance or release, (a) the representations and warranties contained in Article IX will be true and correct as of the date of such Advance and such release, as applicable, as though made on such date (except, that any such representations or warranties expressly stated by their terms to be made only at or as of one or more particular dates or times, shall be made only at or as of such specified dates or times and are not so automatically repeated), (b) no Default, Event of Default, Early Amortization Event, or event that would constitute an Event of Default or Early Amortization Event but for the passage of time or the giving of notice or both has occurred and is continuing or will result from the making of such Advance and such release, as applicable, and (c) after giving effect to such requested Advance and such release, as applicable:

(i) the Outstanding Class A Principal Amount hereunder shall not exceed the Maximum Class A Principal Amount;

(ii) the Outstanding Class B Principal Amount hereunder shall not exceed the Maximum Class B Principal Amount;

(iii) the Outstanding Class C Principal Amount hereunder shall not exceed the Maximum Class C Principal Amount; and

(iv) the Outstanding Principal Amount hereunder shall not exceed the Maximum Aggregate Principal Amount.

SECTION 2.5 Notes. (a) The Borrower shall, on the Initial Advance Date, execute and deliver a Note to each Funding Agent if and to the extent requested to do so by such Funding Agent. The Borrower shall promptly execute and deliver a Note to each new Funding Agent that requests a Note after the Closing Date.

(b) The Advances and Yield thereon related to a Funding Group shall at all times (including after assignment pursuant to Section 15.1), to the extent a Note has been requested by a Funding Agent, be represented by such Note and/or a replacement Note therefor, payable to the order of the applicable requesting Funding Agent, for the benefit of the Lenders in such Funding Agent's Funding Group. The Borrower hereby irrevocably authorizes each Funding Agent holding a Note to make (or cause to be made) appropriate notations on the grid attached to its Note (or on any continuation of such grid, or at any Lender's option, in its records), which notations, if made, shall evidence, inter alia, the date of, the outstanding principal of, and the Lender Rate and Interest Period applicable to, the Advances evidenced thereby. Such notations shall be conclusive and binding for all purposes absent manifest error; provided, however, that the failure to make any such notations shall not limit or otherwise affect any Obligations of the Borrower. Each Lender shall maintain in accordance with its usual practice an account or accounts evidencing indebtedness of the Borrower to such bank resulting from each Loan of such Lender from time to time, including the amounts of principal and interest payable and paid to such Lender from time to time under this Agreement.

(c) With respect to each Funding Agent that shall not have requested a Note, the Funding Agent shall maintain a register pursuant to Section 15.5(a) and a subaccount therein for each Lender in its related Funding Group, in which shall be recorded (i) the amount of each Advance made by such Lenders hereunder, and the Interest Period applicable thereto, (ii) the amount of any principal or interest due and payable or to become due and payable from the Borrower to such Lender hereunder and (iii) both the amount of any sum received by the Funding Agent hereunder from the Borrower and each such Lender's share thereof.

(d) The entries made in such register and the accounts of each such Lender maintained pursuant to subsection (c) of this Section 2.5 shall, to the extent permitted by applicable law, be prima facie evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, however, that the failure of any such Lender or its Funding Agent to maintain the register or any such account, or any error therein, shall not in any manner affect the obligation of the Borrower to repay (with applicable interest) the Advances actually made to the Borrower by such Lender in accordance with the terms of this Agreement.

ARTICLE III

YIELD, FEES, ETC.

SECTION 3.1 Yield.

(a) Payment. The Borrower hereby promises to pay Yield on the unpaid principal amount of each Advance (or each portion thereof) for the period commencing on the date of such Advance until the date such Advance is paid in full.

(b) Maximum Yield. No provision of this Agreement or any Note shall require the payment or permit the collection of Yield in excess of the maximum permitted by applicable law.

SECTION 3.2 Yield Payment Dates. Yield accrued on (i) each Advance shall be payable on each Payment Date and (ii) the amount of Advances being repaid or prepaid on any other Settlement Date shall be paid on such Settlement Date.

SECTION 3.3 [Reserved].

SECTION 3.4 Fees. The Borrower agrees to pay to the Administrative Agent certain Fees in the amounts and on the dates set forth in the letter agreement between the Administrative Agent and the Borrower dated as of April 26, 2006 (as the same may be amended, restated, supplemented or otherwise modified pursuant to its terms, the "Fee Letter").

SECTION 3.5 Computation of Yield. All Yield hereunder shall be computed on the basis of a year of 360 days, except that Yield computed by reference to the Alternate Base Rate shall be computed on the basis of a year of 365 days (or 366 days in a leap year), and in each case shall be payable for the actual number of days elapsed (including the first day but excluding the last day). The applicable Yield with respect to each Funding Group shall be determined by the Funding Agent for such Funding Group in accordance with the provisions of this Agreement and such determination shall be conclusive absent manifest error.

ARTICLE IV

REPAYMENTS, PREPAYMENTS AND PAYMENTS

SECTION 4.1 Required Principal Repayments.

(a) Payment Dates. On each Payment Date occurring on or after the Conversion Date, the Borrower shall be required to make the principal payments required under the Flow of Funds (including as a result of the allocation and application of Collections derived from the sale or other disposition, voluntary or involuntary, of an Aircraft or Aircraft Owning Entity) in reduction of the aggregate Outstanding Principal Amount to the extent of funds available to make such payments pursuant to the Flow of Funds.

(b) Facility Termination Date. The aggregate Outstanding Principal Amount shall be due and payable in full on the Facility Termination Date.

SECTION 4.2 Principal Prepayments.

(a) Voluntary Prepayment. The Borrower may voluntarily prepay the outstanding principal amount of the Advances, in whole or in part; provided, however, that:

(i) all such voluntary prepayments shall require at least three (3) Business Days' prior written notice to the Administrative Agent and each Funding Agent;

(ii) all such voluntary partial prepayments shall be in a minimum amount of $1,000,000 (unless such payment results in a repayment in full); and

(iii) all such voluntary prepayments shall be paid (x) prior to the Conversion Date, *pro rata* to the Lenders based upon the respective outstanding Advances funded by such Lenders and (y) on and after the Conversion Date, into the Collection Account and applied in accordance with the terms of the Flow of Funds on the next Payment Date.

(b) Mandatory Prepayments. Upon the sale, transfer or other disposition of any Aircraft, or any Equity Interest in any Aircraft Owning Entity or Owner Participant to a Person that is not a Borrower Group Member, by the Borrower or any Borrower Subsidiary (including, without limitation, in connection with the consummation of any ABS Transaction or any other refinancing by the Borrower), the Borrower shall forthwith deposit into the Collection Account an amount equal to the net proceeds of such sale or disposition (together with all amounts maintained in the Maintenance Reserves Account and the Security Deposit Account attributable to such Aircraft or Equity Interest, that are not payable to the applicable Lessee or seller of such Aircraft or Equity Interest), which amounts shall be applied in accordance with the Flow of Funds hereof on the next Payment Date after such sale, transfer or other disposition. Upon the occurrence of an Event of Loss with respect to any Aircraft, the Borrower shall, on the first Payment Date following the receipt of any insurance, condemnation or other proceeds (including any Lessee or other third party payments and all amounts maintained in the Maintenance Reserves Account and the Security Deposit Account attributable to such Aircraft that are not required to be returned to the Lessee in accordance with the terms of the Lease) in respect of such Event of Loss, deposit into the Collection Account an amount equal to the then Allocable Advance Amount of such Aircraft (determined as of the date of such Event of Loss), which amount shall be applied in accordance with the Flow of Funds on the next Payment Date after such deposit.

(c) Breakage. Each prepayment under this Section 4.2 shall be subject to the payment of any breakage cost amounts required by Section 6.4 resulting from such prepayment; provided that there shall be no breakage costs for prepayments occurring on any Payment Date.

SECTION 4.3 Payments Generally. Subject to, and in accordance with, the provisions of this Agreement, all payments of principal of, or Yield on, the Advances shall be made (whether pursuant to the Flow of Funds or otherwise) no later than 2:00 p.m., New York time, on

the day when due in lawful money of the United States of America in same day funds to the applicable Funding Agent, to one or more accounts designated by the UBS Funding Agent, in the case of the UBS Funding Group, or to one or more accounts designated by an Other Funding Agent, in the case of an Other Funding Group, or such other account as the applicable Funding Agent shall designate in writing to the Borrower and the Administrative Agent not fewer than three (3) Business Days prior to the intended effective date of any such designation. Funds received by the applicable Funding Agent after 2:00 p.m., New York time, on the date when due, will be deemed to have been received by the applicable Funding Agent on its next following Business Day. It is understood that payments made by the Borrower to a Funding Agent or the Administrative Agent in accordance with this Agreement constitute, when made and received, a discharge and satisfaction of the Borrower's corresponding obligation to the applicable Lender hereunder.

SECTION 4.4 Sharing of Set-Off. If any Class A Lender, Class B Lender or Class C Lender shall, by exercising any right of setoff or counterclaim or otherwise, obtain, at any time, payment in respect of any principal of, or Yield on, any of its Advances or other Obligations resulting in such Lender receiving payment of a proportion of the aggregate amount of its Advances and accrued Yield thereon or other Obligations greater than it would have been entitled to receive as provided herein, then such Lender shall (a) notify the Administrative Agent and each Funding Agent of such fact, and (b) purchase (for cash at face value) participations in the Class A Advances, Class B Advances or Class C Advances, respectively, and such other Obligations of the other Class A Lenders, Class B Lenders or Class C Lenders, respectively, or make such other adjustments as shall be equitable, so that the benefit of all such payments

shall be shared by such Lenders, respectively, ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Class A Advances, Class B Advances or Class C Advances and other amounts owing them as provided herein, provided that:

(i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest; and

(ii) the provisions of this paragraph shall not be construed to apply to (x) any payment made by the Borrower pursuant to and in accordance with the express terms of this Agreement or (y) any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Advances to any assignee or participant, other than to the Borrower or any Subsidiary thereof (as to which the provisions of this paragraph shall apply).

The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under any applicable Requirement of Law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of setoff and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation. If under applicable bankruptcy, insolvency or any similar law any Lender receives a secured claim in lieu of a setoff or counterclaim to which this paragraph applies, such Lender shall, to the extent practicable, exercise its rights in respect of

such secured claim in a manner consistent with the rights to which the Lender is entitled under this paragraph to share in the benefits of the recovery of such secured claim.

ARTICLE V

LIQUIDITY/CLASS C RESERVE

SECTION 5.1 Establishment of Reserve Accounts.

(a) Liquidity Reserve; Class C Reserve.

(i) On or prior to the Initial Advance Date, the Borrower shall have opened an account (number 51949) in the name of the Borrower maintained with the Account Bank (the "Liquidity Reserve Account") and deposited into such Liquidity Reserve Account an amount at least equal to the Initial Required Liquidity Reserve Amount as of such Initial Advance Date (and after giving effect to the Initial Advances to be funded on such date). Such amounts may be funded with the proceeds of Class B Advances.

(ii) On or prior to the Initial Advance Date, the Borrower shall have opened an account (number 51947) in the name of the Borrower maintained with the Account Bank (the "Class C Reserve Account") and deposited into such Class C Reserve Account an amount at least equal to the Initial Required Class C Reserve Amount as of such Initial Advance Date (and after giving effect to the Initial Advances to be funded on such date). Such amounts may be funded with the proceeds of Class C Advances.

(b) Maintenance of Reserves. The Collateral Agent shall take all actions as shall be reasonably necessary to preserve, protect, maintain or enforce its rights with respect to the Liquidity Reserve Account and the Class C Reserve Account.

(c) Provisions Applicable to Reserve Accounts. The following provisions will apply to the Liquidity Reserve Account and the Class C Reserve Account established pursuant to Section 5.1(a):

(i) The Liquidity Reserve Account and the Class C Reserve Account shall each be subject to the control provisions of the Security Trust Agreement, and neither the Borrower nor any Affiliate, agent, employee or officer of the Borrower shall have any right to withdraw any amount from such Liquidity Reserve Account or Class C Reserve Account.

(ii) The taxpayer identification number associated with the Liquidity Reserve Account and the Class C Reserve Account shall be that of the Borrower and the Borrower will report for federal, state and local income tax purposes the income, if any, earned on funds in the Liquidity Reserve Account or the Class C Reserve Account.

(iii) All funds on deposit in the Liquidity Reserve Account or the Class C Reserve Account shall be invested in Eligible Investments as specified by the Borrower in writing to the Account Bank from time to time; provided, that if the

Borrower shall fail to specify such Eligible Investments in a timely manner, the Collateral Agent, at the direction of the Administrative Agent, may specify such Eligible Investments. All investments of funds on deposit in the Liquidity Reserve Account or the Class C Reserve Account shall mature, or may be sold or withdrawn without loss, not later than the Business Day preceding the next Payment Date. Income earned on funds deposited to the Liquidity Reserve Account or the Class C Reserve Account, if any, shall be transferred by the Account Bank to the Collection Account on the Business Day prior to each Payment Date for distribution pursuant to the Flow of Funds.

(iv) Each of the Borrower and the Administrative Agent hereby agree and acknowledge, notwithstanding the agreements of the Collateral Agent described in this Section 5.1(c), that the Collateral Agent shall retain exclusive dominion and control of the Liquidity Reserve Account and the Class C Reserve Account.

(d) Liquidity Reserve Draws. (i) To the extent that Available Collections on deposit in the Collection Account on any Payment Date shall be insufficient to pay any of the amounts set forth immediately below which are due or payable on such Payment Date in accordance with the Flow of Funds (the amount by which such funds shall be so insufficient is herein referred to as an "Insufficiency"), the Borrower or, if the Borrower fails to do so, the Collateral Agent (at the written direction of the Administrative Agent), shall make a draw upon the Liquidity Reserve Account in an amount equal to the lesser of (i) the amount then available to be drawn under the Liquidity Reserve Account and (ii) the applicable Insufficiency. If the Borrower has made such draw, it shall deposit the proceeds thereof into the Collection Account and (whether the Borrower or the Collateral Agent has made such draw) the Collateral Agent shall apply, to the extent possible, the proceeds of such draw to the amounts set forth below which shall be due or payable on such Payment Date but are not as a result of the Insufficiency being otherwise paid, in the order of priority set forth below:

(A) to the Collateral Agent in payment in full of all accrued Collateral Agent Fees and Expenses;

(B) pro rata (1) to the counterparties on any Hedge Agreements for the hedge payments due from the Borrower thereunder (other than termination payments), if any, and (2) ratably to each Class A Funding Agent, any Yield due under this Agreement in respect of outstanding Class A Advances funded by such Class A Funding Agent's Class A Funding Group (it being agreed that each Class A Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(C) pro rata, (1) to each Class A Funding Agent in respect of outstanding Class A Advances funded by such Funding Agent's Funding Group, in the amount of the Class A Borrowing Base Deficiency on such Payment Date (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders), and (2) to the counterparties on any Hedge Agreements for the hedge termination

payments due from the Borrower thereunder (unless a default by the non-Borrower counterparty has caused the early termination);

(D) ratably to each Class B Funding Agent, any Yield (other than Yield accrued at the Default Rate to the extent in excess of the Yield that would otherwise be payable but for the occurrence and continuance of an Event of Default) due under this Agreement in respect of outstanding Class B Advances funded by such Funding Agent's Funding Group (it being agreed that each Class B Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders); and

(E) ratably to each Class B Funding Agent in respect of outstanding Class B Advances funded by such Funding Agent's Funding Group, in the amount of the Class B Borrowing Base Deficiency on such Payment Date (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders).

(ii) Upon the occurrence of an Event of Default, the Collateral Agent (at the direction of the Administrative Agent) shall promptly and, if the Collateral Agent fails to do so, the Administrative Agent may, draw upon the Liquidity Reserve Account in full and immediately deposit into the Collection Account for distribution pursuant to the Flow of Funds on the next Payment Date, an amount equal to the proceeds of such draw minus a holdback amount, if any, specified by the Administrative Agent. To the extent that an Insufficiency shall exist on any Payment Date after the initial holdback (if any) described above, the Collateral Agent (at the direction of the Administrative Agent) shall make a withdrawal from the remaining funds in the Liquidity Reserve Account in an amount equal to the lesser of (i) the amount then available to be withdrawn from the Liquidity Reserve Account and (ii) the amount which, if treated as Available Collections and applied pursuant to the Flow of Funds on such Payment Date, would eliminate the applicable Insufficiency, and shall so apply, to the extent possible, the funds so withdrawn.

(iii) To the extent that the Liquidity Reserve as of any Payment Date prior to the occurrence of an Event of Default (and after giving effect to all allocations under the Flow of Funds and other transactions, if any, to occur on such Payment Date) will exceed the Required Liquidity Reserve Amount, such excess may be released and applied as part of the Available Collections on such Payment Date as set forth in the Flow of Funds.

(e) Class C Reserve Draws. (i) To the extent that Available Collections on deposit in the Collection Account on any Payment Date shall be insufficient to pay any of the amounts set forth immediately below which are due or payable on such Payment Date in accordance with the Flow of Funds (the amount by which such funds shall be so insufficient is herein referred to as a "Class C Insufficiency"), the Borrower or, if the Borrower fails to do so, the Collateral Agent (at the written direction of the Administrative Agent), shall make a draw upon the Class C Reserve

Account in an amount equal to the lesser of (i) the amount then available to be drawn under the Class C Reserve Account and (ii) the applicable Class C Insufficiency. If the Borrower has made such draw, it shall deposit the proceeds thereof into the Collection Account and (whether the Borrower or the Collateral Agent has made such draw) the Collateral Agent shall apply, to the extent possible, the proceeds of such draw to the amounts set forth below which shall be due or payable on such Payment Date but are not as a result of the Class C Insufficiency being otherwise paid, in the order of priority set forth below:

(A) ratably to each Class C Funding Agent, any Yield (other than Yield accrued at the Default Rate to the extent in excess of the Yield that would otherwise be payable but for the occurrence and continuance of an Event of Default) due under this Agreement in respect of outstanding Class C Advances funded by such Funding Agent's Funding Group (it being agreed that each Class C Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders); and

(B) ratably to each Class C Funding Agent in respect of outstanding Class C Advances funded by such Funding Agent's Funding Group, in the amount of the Class C Borrowing Base Deficiency on such Payment Date (it being agreed that each Class C Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders).

(ii) Upon the occurrence of an Event of Default, the Collateral Agent (at the direction of the Administrative Agent) shall promptly and, if the Collateral Agent fails to do so, the Administrative Agent may, draw upon the Class C Reserve Account in full and immediately deposit into the Collection Account for distribution pursuant to the Flow of Funds on the next Payment Date, but solely for the purpose of paying (A) Class C Insufficiency in respect of Yield, if any, and (B) otherwise Class C Advances outstanding, an amount equal to the proceeds of such draw minus a holdback amount, if any, specified by the Administrative Agent. To the extent that a Class C Insufficiency in respect of Yield shall exist on any Payment Date following the occurrence and during the continuance of an Event of Default, the Collateral Agent (at the written direction of the Administrative Agent) shall make a withdrawal from the remaining funds in the Class C Reserve Account in an amount equal to the lesser of (i) the amount then available to be withdrawn from the Class C Reserve Account and (ii) the amount which, if treated as Available Collections and applied pursuant to the Flow of Funds on such Payment Date, would eliminate the applicable Class C Insufficiency in respect of Yield, and all or a portion of any remaining unapplied amounts in the Class C Reserve Account may, at the written direction of the Administrative Agent, also be directed to be applied to the repayment of outstanding Class C Advances.

(f) To the extent that the Class C Reserve as of any Payment Date prior to the occurrence of an Event of Default (and after giving effect to all allocations under the Flow of Funds and other transactions, if any, to occur on such Payment Date) will exceed the Required Class C

Reserve Amount, such excess may be released and applied as part of the Available Collections on such Payment Date as set forth in the Flow of Funds.

ARTICLE VI

INCREASED COSTS, ETC.

SECTION 6.1 Illegality. Notwithstanding any other provision herein, if the adoption of or any change in any Requirement of Law or in the interpretation or application thereof shall make it unlawful for any Lender to make or maintain Advances as contemplated by this Agreement based upon the Eurodollar Rate ("Eurodollar Rate Advances"), such Lender shall give notice thereof to the Administrative Agent, the applicable Funding Agent and the Borrower describing the relevant provisions of such Requirement of Law, following which (a) the Commitment of a Non-Conduit Lender hereunder to make Eurodollar Rate Advances, and the agreement of any Lender to continue Eurodollar Rate Advances as such, as applicable, shall forthwith be cancelled and (b) such Lender's Advances then outstanding as Eurodollar Rate Advances, if any, shall accrue Yield at the Alternate Base Rate (i) from the next succeeding Payment Date or (ii) on any earlier date as required by law. If any such conversion of any Eurodollar Rate Advance occurs on a day that is not a Payment Date, the Borrower shall pay to such Lender such amounts, if any, as may be required pursuant to Section 6.4.

SECTION 6.2 Increased Costs.

(a) If (i) there shall be any increase in the cost to any Lender or any of its Affiliates, assignees or participants (and any further assignees or participants thereof) or any Person providing such Lender with a liquidity or credit enhancement arrangement (each of the foregoing an "Affected Party") of agreeing to make or making, funding or maintaining any Advance hereunder or (ii) any reduction in any amount receivable in respect thereof or otherwise under this Agreement, and such increased cost or reduced amount receivable is due to either:

(x) the introduction of or any change (including, without limitation, any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law, regulation or accounting principle after the Closing Date (other than in respect of Taxes and other amounts addressed by Section 6.3); or

(y) the compliance with any guideline or request from any central bank or other Government Entity (whether or not having the force of law),

then the Borrower shall from time to time, on the first Payment Date occurring at least five (5) Business Days after the Borrower's receipt of written demand by such Affected Party, pay such Affected Party additional amounts sufficient to compensate such Affected Party for such increased cost or reduced amount receivable.

(b) If any Affected Party shall have reasonably determined that (i) the applicability of any law, rule, regulation or guideline adopted after the Closing Date, or the initial implementation after the Closing Date of any such law, rule, regulation or guideline adopted but

not initially implemented prior to the Closing Date, pursuant to or arising out of (A) the July 1988 paper of the Basel Committee on Banking Regulations and Supervisory Practices entitled "International Convergence of Capital Measurement and Capital Standards," or (B) the proposal for New Basel Capital Accord issued by the Basel Committee on Banking Supervision (as revised from time to time, the "New Accord"), or (ii) the adoption of any other law, rule, regulation or guideline after the Closing Date regarding capital adequacy, or the initial implementation after the Closing Date of any such law, rule, regulation or guideline adopted but not initially implemented prior to the Closing Date, and in either case affecting such Affected Party (including, but not limited to, any rule to be so adopted or so implemented with respect to recourse, residuals, liquidity commitments or direct credit substitutes, referred to hereinafter as the "New Rules"), or (iii) any change arising in the foregoing or in the interpretation or administration of any of the foregoing by any Government Entity, central bank or comparable agency charged with the interpretation or administration thereof, or (iv) compliance by such Affected Party (or any lending office of such Affected Party), or any holding company for such Affected Party which is subject to any of the capital requirements described above, with any request or directive of general application issued regarding capital adequacy (whether or not having the force of law) of any such Government Entity, central bank or comparable agency has or would have the effect of reducing the rate of return on such Affected Party's capital or on the capital of any such holding company as a direct consequence of such Affected Party's obligations hereunder or arising in connection herewith to a level below that which such Affected Party or any such holding company could have achieved but for such adoption, change or compliance (taking into consideration such Affected Party's policies and the policies of such holding company with respect to capital adequacy) by an amount deemed by such Affected Party to be material, then from time to time such Affected Party may request the Borrower to pay to such Affected Party such additional amounts as will compensate such Affected Party or any such holding company for any such reduction suffered.

(c) If as a result of any event or circumstance similar to those described in Section 6.2(a) or Section 6.2(b), any Affected Party is required to compensate a bank or other financial institution providing liquidity support, credit enhancement or other similar support to such Affected Party (whether directly or through a participation) with respect to amounts similar to those described in Section 6.2(a) or Section 6.2(b) in connection with this Agreement or the funding or maintenance of Advances hereunder, then within ten days after demand by such Affected Party, the Borrower shall pay to such Affected Party such additional amount or amounts as may be necessary to reimburse such Affected Party for any amounts paid by it. The Borrower acknowledges to each Lender that such Lender is providing no assurance that the committed liquidity support provided with respect to this Agreement will be assigned a zero percent credit-conversion factor under risk-based capital guidelines adopted by applicable bank regulatory authorities in response to the framework therefor announced in July, 1988 by the Basel Committee on Banking Regulations and Supervisory Practices or in response to the New Accord or under the New Rules. Notwithstanding the foregoing, no amount shall be payable under this subsection (c) except to the extent the affected bank or other financial institution providing the aforementioned support is a party to this Agreement as a Lender and is accordingly subject to the same provisions and restrictions applicable herein to a Lender party hereto (including without limitation, the provisions of Sections 6.2, 6.5 and 6.6 with respect to any claims made under this subsection (c).

(d) Any failure or delay on the part of any Affected Party to demand compensation pursuant to clause (a), (b) or (c) of this Section 6.2 shall not constitute a waiver of such Affected Party's right to demand such compensation; provided, that the Borrower shall not be required to compensate an Affected Party pursuant to such clauses of this Section 6.2 for any increased costs incurred or reductions suffered more than 120 days prior to the date that such Affected Party notifies the Borrower of the event or events giving rise to such increased costs or reductions and of such Affected Party's intention to claim compensation therefor (except that, if such event or events have a retroactive effect, then the 120 day period referred to above shall be extended to include the period of retroactive effect thereof).

(e) The Borrower shall pay to any Lender, so long as such Lender shall be required under regulations of the Board of Governors of the Federal Reserve System to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency Liabilities, additional Yield on the unpaid Eurodollar Rate Advances of such Lender during each Interest Period, for such Interest Period, at a rate per annum equal, at all times during such Interest Period, to the remainder obtained by subtracting (i) the Eurodollar Rate for such Interest Period from (ii) the rate obtained by dividing such Eurodollar Rate referred to in clause (i) above by that percentage equal to 100% minus the Eurodollar Rate Reserve Percentage of such Lender for such Interest Period, payable on each date on which Yield is payable on such Advances. Such additional Yield shall be determined by such Lender and notice thereof (accompanied by a statement setting forth the basis for the amount being claimed) given to the Borrower through the applicable Funding Agent within thirty (30) days after any Yield payment is made with respect to which such additional Yield is requested. Such written statement shall, in the absence of manifest error, be conclusive and binding for all purposes.

SECTION 6.3 Taxes.

(a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any present or future Taxes now or hereafter imposed, levied, collected, withheld or assessed by any Government Entity, excluding income, gross receipts, franchise, net worth, doing business and similar Taxes imposed on, respectively, the Administrative Agent, the Collateral Agent, any Funding Agent or any Lender as a result of a present or former connection between, respectively, the Administrative Agent, the Collateral Agent, such Funding Agent or such Lender and the jurisdiction of the Government Entity imposing such tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the respective Administrative Agent, Collateral Agent, Funding Agent or Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement). If any such non-excluded Taxes ("Non-Excluded Taxes") are required to be withheld from any amounts payable to the Administrative Agent, the Collateral Agent, any Funding Agent or any Lender hereunder, respectively (each a "Section 6.3 Indemnitee"), the amounts so payable to such Section 6.3 Indemnitee shall be increased to the extent necessary to yield to such respective Section 6.3 Indemnitee (after payment of all Non-Excluded Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in or pursuant to this Agreement; provided, however, that the Borrower shall not be required to increase any such amounts payable to any Section 6.3 Indemnitee to the extent imposed as a result of the failure of

any such Section 6.3 Indemnitee, or in the case of any amounts payable by any Funding Agent, any related Lender, to comply with the requirements of paragraph (b) of this Section 6.3 or as a result of such Lender failing to be a Qualifying Lender; provided further, that the immediately preceding proviso shall not apply, and the Borrower's obligations to make increased payments to any Section 6.3 Indemnitee pursuant to this Section 6.3(a) shall continue to apply, to the extent that any such noncompliance or the failure to be a Qualifying Lender is attributable to (x) a change in applicable law or regulation or in the interpretation thereof, or the introduction of any law or regulation, in either case that occurs after the Closing Date or later date on which a respective Section 6.3 Indemnitee becomes a party hereto, or (y) the existence or exercise of the rights of the Borrower or AMS AerCap described in Section 2.1(j). Whenever any Non-Excluded Taxes are payable by the Borrower, as promptly as possible thereafter, the Borrower shall send to the Administrative Agent, the Collateral Agent and each applicable Funding Agent for their respective accounts or for the account of the applicable Lender, as the case may be, a certified copy of an original official receipt (or other evidence reasonably satisfactory to such Person) received by the Borrower showing payment thereof. If the Borrower fails to pay any Non-Excluded Taxes when due to the appropriate taxing authority or fails to remit to the Administrative Agent, the Collateral Agent or the applicable Funding Agent, as the case may be, the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent, the Collateral Agent and the Lenders for any incremental Taxes, interest or penalties (and related costs) that may become payable, respectively, by the Administrative Agent, the Collateral Agent or any Lender as a result of any such failure. The agreements in this Section 6.3 shall survive the termination of this Agreement and the payment of all other amounts payable hereunder.

(b) Each Section 6.3 Indemnitee shall, to the extent it may lawfully do so, deliver to the Borrower, or to the Funding Agent for each Funding Group in the case of any Lender (in such number of copies as shall be requested by the recipient), on or prior to the date on which such Person becomes a Lender, Administrative Agent, Collateral Agent or Funding Agent under this Agreement (and from time to time thereafter upon the request of Borrower and each such Funding Agent), but only if such Person is legally entitled to do so**,** any form or information prescribed by applicable Requirements of Law as a basis for claiming exemption from or a reduction in withholding tax duly completed together with such supplementary documentation as may be prescribed by any applicable Requirement of Law to permit the Borrower or any applicable Funding Agent to determine the withholding or deduction required to be made. Each Section 6.3 Indemnitee agrees to take such actions as the Borrower shall reasonably request and as are consistent with applicable Requirements of Law to claim any available reductions or exemptions from Non-Excluded Taxes and to otherwise cooperate with the Borrower to minimize any amounts payable by the Borrower under this Section 6.3, provided that any material costs incurred in taking such actions (including attorneys' fees) shall be for the account of the Borrower. Each Lender further represents that it is a Qualifying Lender as of the Closing Date or other date as of which it becomes a Lender hereunder, and agrees to advise the Borrower reasonably promptly following its becoming aware that it is no longer a Qualifying Lender.

Without limiting the foregoing, each Person that is an assignee pursuant to Article XV shall, upon the effectiveness of the related transfer, be required to provide all of the forms and statements required pursuant to this Section 6.3.

(c) The Borrower agrees to pay any present or future stamp, sales, documentary, filing, registration, excise or property Taxes or any other Taxes, fees, charges or other levies payable, or determined to be payable, in connection with the execution, delivery, filing recording or registration of this Agreement and any other Transaction Documents and agrees to indemnify any Section 6.3 Indemnitee against any liabilities (including related costs) with respect to or resulting from any delay in paying or the omission to pay such Taxes.

(d) The Borrower shall indemnify any Section 6.3 Indemnitee, within ten (10) Business Days after written demand therefor, for the full amount of any Non-Excluded Taxes (including Non-Excluded Taxes imposed or asserted on or attributable to amounts payable under this Section) paid by any such Section 6.3 Indemnitee, and any penalties, interest and reasonable expenses (including costs of contesting such Non-Excluded Taxes) arising therefrom or with respect thereto. A certificate as to the amount of such payment or liability delivered to the Borrower by any Lender (with a copy to the Administrative Agent), by the Collateral Agent or by the Administrative Agent on its own behalf or on behalf of any Lender, setting forth in reasonable detail the manner in which such amount was determined, shall be conclusive absent manifest error.

(e) If any Section 6.3 Indemnitee receives a refund of any Taxes as to which it has been indemnified by the Borrower or with respect to which the Borrower has paid additional amounts pursuant to this Section 6.3, such Section 6.3 Indemnitee shall pay over such

refund (net of all out-of-pocket expenses of such Section 6.3 Indemnitee and without interest, other than any interest paid to it with respect to such refund) to the Borrower (but only to the extent of the amounts paid by the Borrower under this Section 6.3 with respect to the Taxes giving rise to such refund, plus any interest received with respect to such refund); provided, that the Borrower, upon the request of any such Section 6.3 Indemnitee, agrees to repay the amount paid over to the Borrower (plus any penalties, interest or other charges imposed) to the Section 6.3 Indemnitee in the event such Section 6.3 Indemnitee is required to repay such refund to any Government Entity. This subsection (e) shall not be construed to require any Section 6.3 Indemnitee to make available its Tax Returns (or any other information relating to its Taxes which it deems confidential) to the Borrower or any other Person.

SECTION 6.4 Indemnity Regarding Breakage Costs. The Borrower hereby agrees to indemnify each Lender and to hold each Lender harmless from any loss (other than loss of Applicable Margin) or reasonable expense which such Lender may sustain or incur as a consequence of (a) default or rescission, as applicable, by the Borrower in making a borrowing of, conversion into or continuation of any Advance hereunder on the date requested after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) default by the Borrower in making any prepayment on the date requested after the Borrower has given a notice thereof in accordance with the provisions of this Agreement or (c) the making of a prepayment of Advances on a day which is not the last day of an Interest Period with respect thereto. Such indemnification shall be in an amount equal to the excess, if any, of (i) the amount of interest which would have accrued on the amount so prepaid, or not so borrowed, for the period from the date of such prepayment or of such failure to borrow to the last day of such Interest Period (or, in the case of a failure to borrow, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for

such Advances provided for herein (minus the Applicable Margin) over (ii) the amount of interest (as determined by such Lender) which would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the interbank eurodollar market. This covenant shall survive the termination of this Agreement and the payment of all other amounts payable hereunder.

SECTION 6.5 Notice of Amounts Payable. In the event that any Lender becomes aware that any amounts are or will be owed to it pursuant to Section 6.1, 6.2 or 6.3(a), then it shall promptly notify the Borrower thereof; provided that any failure to provide such notice shall not affect the Borrower's obligations hereunder or under the other Transaction Documents or result in any liability of or on the part of such Lender. The amounts set forth in such notice shall be conclusive and binding for all purposes absent manifest error.

SECTION 6.6 Mitigation Obligations; Replacement.

(a) If any Lender or any of its Affiliates requests compensation under Section 6.2, or requires the Borrower to pay any additional amount to such Lender, any of its Affiliates or any Governmental Entity for the account of such Lender or any of its Affiliates pursuant to Section 6.3, then such Lender (an "Affected Lender") shall use reasonable efforts to designate a different lending office for funding or booking its Advances hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the judgment of such Affected Lender, such designation or assignment (i) would eliminate or reduce amounts payable pursuant to Section 6.2 or 6.3, as the case may be, in the future and (ii) would not subject such Affected Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Affected Lender (other than in a *de minimus* manner). The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Affected Lender in connection with any such designation or assignment. A certificate setting forth such costs and expenses submitted by such Affected Lender to the Borrower shall be conclusive absent manifest error.

(b) Notwithstanding anything to the contrary contained herein, prior to the occurrence of any Event of Default or Early Amortization Event hereunder, the Borrower shall have the right to replace an Affected Lender which has not completed one of the mitigating actions described in subsection (a) of this Section 6.6 resulting in the elimination of any amounts payable pursuant to Section 6.2 or 6.3 within 60 days of becoming an Affected Lender hereunder (each such Affected Lender being so replaced, a "Replaced Lender") with one or more other lending institutions (which may, but need not be, existing Lenders hereunder) reasonably acceptable to the Administrative Agent (any, a "Replacement Lender") that have agreed to purchase the outstanding Advances held by and (as applicable) Non-Conduit Lender Commitments maintained by such Affected Lender, pursuant to Article XV and one or more Assignment and Assumptions; provided that:

(i) each such assignment shall be arranged by the Borrower in coordination with the Administrative Agent; and

(ii) no Replaced Lender shall be obligated to make any such assignment pursuant to this subsection (b) unless and until such Replaced Lender shall have received

one or more payments from the Replacement Lender in an aggregate amount equal to the aggregate outstanding principal amount of the Advances owing to such Replaced Lender, and from the Borrower an aggregate amount equal to all accrued and unpaid interest and fees thereon (including, in any event, any breakage indemnities of the type described in Section 6.4) to the date of such payment and all other amounts payable to such Replaced Lender under this Agreement, including without limitation all amounts which, by virtue of its making claims against the Borrower therefor, caused the Lender to become an Affected Lender hereunder.

Upon the effectiveness of such assignment, the Replacement Lender shall become a Lender hereunder and (except with respect to any indemnities or other amounts payable under this Agreement with respect to events or circumstances arising prior to the replacement of

such Replaced Lender, which shall survive as to such Replaced Lender) the Replaced Lender shall cease to constitute a Lender hereunder.

ARTICLE VII

CONDITIONS PRECEDENT

SECTION 7.1 Conditions to Effectiveness; Conditions to Release of Initial Advances. The effectiveness of this Agreement and the availability of the Initial Advance hereunder on the Closing Date is subject to the fulfillment of the following conditions precedent (in addition to the conditions precedent to all Advances specified in Section 7.5 hereof):

(a) Patriot Act, Etc. The Administrative Agent, each Funding Agent and each Lender has received all requested information required pursuant to their obligations under the Patriot Act, as contemplated by Section 17.16 hereof.

(b) No Borrowing Base Deficiency. After giving effect to the Initial Advance and each acquisition of an Initial Financed Aircraft into the Borrower's Portfolio contemplated thereby (and for the avoidance of doubt, determining each Borrowing Base for this purpose giving effect to the inclusion of such Aircraft within the Borrower's Portfolio and to the application of all applicable Advance Rate Adjustments), no Borrowing Base Deficiency will exist (and the Administrative Agent shall have received an Initial Advance Request and borrowing base certification demonstrating the foregoing).

(c) Aircraft and Lessee Limitations. If Critical Mass will exist after giving effect to the Initial Advance, the acquisition of the related Initial Aircraft into the Borrower's Portfolio does not constitute either an Aircraft Limitation Event or a Lessee Limitation Event.

(d) Aircraft Age. Each Initial Financed Aircraft has an Aircraft Age of less than the Aircraft Age Limit for Aircraft of its Type.

(e) Off-Lease Aircraft. Of the Initial Financed Aircraft, not more than 10% (measured by Adjusted Borrowing Value) of such Aircraft are Off-Lease.

(f) Adjusted Borrowing Value. The Adjusted Borrowing Value of the Initial Financed Aircraft will be at least $40,000,000.

(g) Deliveries. The Administrative Agent shall have received all of the following, each duly executed and dated the Closing Date (or such later date as specified below, or such earlier date as shall be reasonably satisfactory to the Administrative Agent) and otherwise as indicated below:

(i) Credit Documents. Executed originals of each of this Agreement, and the other Credit Documents (other than the Pledge of Borrower Equity), in each case executed by each of the parties thereto, together with all schedules and exhibits thereto, and each of which shall have become effective pursuant to the respective terms thereof, *provided*, that with respect to Borrower Subsidiaries involved in the Initial Advance, this delivery condition may be satisfied by such Borrower Subsidiaries becoming grantor parties under the Security Trust Agreement by delivery of an executed supplement thereto immediately following the release of related Initial Advance proceeds to the Borrower;

(ii) Aircraft Acquisition Documents. Copies of the Aircraft Acquisition Documents in respect of the Initial Financed Aircraft;

(iii) Resolutions. Certified resolutions of the Boards of Directors of the Borrower and each Service Provider, and each Borrower Subsidiary, approving and adopting the Transaction Documents to be executed by such Person, and authorizing the execution and delivery thereof;

(iv) Incumbency. Certified specimen signatures of officers of the Borrower, each Service Provider, and each Borrower Subsidiary;

(v) Good Standing. Certificates issued as of a recent date by the Secretaries of State or comparable officials of the respective jurisdictions of formation of the Borrower, each Borrower Subsidiary, AerCap and each Service Provider as to the due existence and good standing (to the extent such concept is applicable) of such Person;

(vi) Opinions. Favorable opinions of (A) special New York and Irish counsel to the Borrower, the Service Providers, the Supporting Party and the Borrower Subsidiaries, (B) counsel to the Collateral Agent and Account Bank, and (C) special Irish counsel to the Lenders, in each case substantially in the forms set forth at Exhibits K and L, respectively, hereto;

(vii) Organizational Documents. The Organizational Documents of the Borrower, the Supporting Party and each Service Provider, and each of the Borrower Subsidiaries, certified as of a recent date, which, in the case of the Borrower and each of the Borrower Subsidiaries, if permitted under applicable law, shall contain limitations on purpose and other bankruptcy remoteness provisions reasonably satisfactory to the Administrative Agent;

(viii) Operating Documents. Operating Documents of the Borrower, the Supporting Party and each Service Provider, and each of the Borrower Subsidiaries, certified as of a recent date, which, in the case of the Borrower and each of the Borrower Subsidiaries, shall contain limitations on purpose and other bankruptcy remoteness provisions satisfactory to the Administrative Agent in its reasonable discretion;

(ix) FAA Counsel Opinions. With respect to each Initial Financed Aircraft registered in the United States, if any, the favorable written opinion of FAA Counsel that the applicable Aircraft Owning Entity is the registered owner of such Aircraft, that such Aircraft is free and clear of recorded liens, and as to such other matters as the Administrative Agent may reasonably request;

(x) Local Counsel Opinions. With respect to each Initial Financed Aircraft that is registered in, or which is under Lease to a Lessee organized under the laws of or domiciled in, a country other than the United States, the favorable written opinion of Local Aircraft Counsel with respect to each Applicable Foreign Aviation Law applicable to such Initial Financed Aircraft as to (A) the due registration of such Aircraft, and (B) that such Aircraft is free and clear of recorded liens to the extent that liens may be recorded under Applicable Foreign Aviation Law, and (C) as to such other matters as the Administrative Agent may reasonably request (which request may include, with respect to jurisdictions of concern to the Lenders, an opinion satisfactory to the Administrative Agent advising as to creditor's rights, including rights of recovery and repossession of aircraft), provided, that the Administrative Agent may not exercise such clause (C) right with respect to Applicable Foreign Aviation Law of the countries listed on the Approved Country List as in effect on the Initial Advance Date;

(xi) Cape Town Registration Opinions. With respect to each Initial Financed Aircraft or related Aircraft Asset as to which any of the transactions contemplated in the Initial Advance are creating or assigning (either absolutely or by grant of a security interest) international interests that may be registered in the International Registry, a legal opinion addressing the effectiveness and effect of such registrations under the Cape Town Convention, in form and substance satisfactory to the Administrative Agent, *provided*, that (A) if delivery of such opinion concurrently upon or prior to the Initial Advance is not feasible after the Borrower's using commercially reasonable efforts to comply with this condition, such delivery shall not be a condition precedent and instead shall be the subject of the Borrower's covenant obligation set forth at Section 10.2, and (B) if the provisions of clause (A) apply to the delivery condition, it shall nonetheless be a condition precedent that the Borrower deliver to the Administrative Agent a draft form of such opinion, substantially in the form to be eventually delivered pursuant to Section 10.2, which draft is in form and substance reasonably satisfactory to the Administrative Agent;

(xii) Notice and Acknowledgment. A Notice and Acknowledgment, executed by the applicable Borrower Subsidiary for each Initial Financed Aircraft and the applicable Lessee, with respect to each of the Initial Leases;

(xiii) Aircraft Insurance. (A) With respect to each of the Initial Financed Aircraft, certificates of insurance from qualified brokers of aircraft insurance or other evidence reasonably satisfactory to the Administrative Agent, evidencing all insurance required to be maintained by the applicable Obligor under the Lease and/or the applicable Notice and Acknowledgment, in each case, together with all endorsements required under the Transaction Documents and/or the applicable Notice and Acknowledgment, and (B) certificates of insurance from qualified brokers of aircraft insurance or other evidence satisfactory to the Administrative Agent with respect to the Contingent Policy, together with all endorsements required under the Transaction Documents;

(xiv) Lien/Registration Searches. To the extent available under the applicable law, the Administrative Agent shall have received searches of the applicable title and/or lien registration records, in the jurisdiction(s) of registration of the applicable Aircraft; and

(xv) Appraisals. Initial Current Market Value Appraisals and Initial Base Value Appraisals in respect of each Initial Financed Aircraft.

(h) Financing Statements, Other Registrations, etc.

(i) The Administrative Agent shall have received Uniform Commercial Code financing statements appropriate for filing in all places required by applicable law to perfect the Liens of the Collateral Agent for the benefit of the Lenders under the Transaction Documents as first priority Liens as to items of Borrower Collateral in which a security interest may be perfected by the filing of financing statements, and such other documents and/or evidence of other actions or registrations as may be necessary under applicable law (including Irish law and the Cape Town Convention) to perfect, within the time period provided for in the Security Trust Agreement, or otherwise ensure the effectiveness of the Liens of the Collateral Agent for the benefit of the Lenders under the Transaction Documents as first priority Liens (and, in the case of the pledge of equity interests in Borrower Group Members that are organized under the laws of Ireland and that are evidenced by certificated instruments or securities, the entry into an Irish Pledge with respect to such interests);

(ii) The Borrower shall have delivered to the Collateral Agent all stock certificates and other certificates, if any, evidencing ownership of any Equity Interests in each of the Aircraft Owning Entities and other Borrower Subsidiaries, accompanied in each case by duly executed stock or transfer powers (or other appropriate transfer documents) in blank affixed thereto, in each case if customary under the law of the jurisdiction governing the pledge;

(iii) The Borrower shall have delivered to the Collateral Agent fully executed "control agreements" that have been executed by the respective issuers (and consented to by the Borrower, as applicable) with respect to any uncertificated

Equity Interests of the Aircraft Owning Entities and the Owner Participants;

(iv) Each of the Aircraft Owning Entities and Owner Participants shall have delivered to the Collateral Agent fully executed "control agreements" with respect to any uncertificated Equity Interests in any Owner Trust, Applicable Intermediary or other Subsidiary;

(v) Subject to the proviso below, there shall have been delivered evidence satisfactory to the Administrative Agent of the taking of such actions (including without limitation becoming a "transacting user entity" with the International Registry) and the making of such registrations (including prospective registrations) in the International Registry pursuant to the Cape Town Convention and the International Registry Procedures to obtain the benefits and protections of the Cape Town Convention as may be applicable and available to the transactions contemplated by the Credit Documents as the same relate to the Borrower Acquisition Documents that are the subject of an Advance, provided, it is understood that (A) no mortgages are being taken directly on the Aircraft, (B) if a related Lease is not, at the time of the Advance, an "international interest" then it is not a condition precedent to the related Advance to undertake the search or any of the registrations described in clause (C) immediately below, and (C) where the related Lease is or has become, at the time of the Advance, an "international interest", it is a condition to the release of funds to the Borrower for the related Advance that (i) a search of the registry with respect to the relevant Aircraft reveals no prior registration of an interest or prospective interest in such Lease (other than by the Lessor), (ii) the Lessor's interest in the Lease be registered (including as a prospective interest) as and to the extent necessary to permit timely compliance with the condition in the immediately succeeding clause (iii), and (iii) the Lessor's security assignment of the Lease to the Collateral Agent shall have been registered (including as a prospective interest); and

(vi) For each Initial Lease with a Lessor that is located within a State (or the District of Columbia) within the United States (within the meaning of Article 9 of the UCC), the Borrower shall have delivered to the Collateral Agent, if available, a Chattel Paper Original of the applicable Lease and any related lease amendment or supplement, in each case signed by the Lessee (and complied with the other requirements set forth in the definition of Chattel Paper Original herein), and in any case a duplicate "hard copy" original thereof signed by the Lessee if available.

(i) [Reserved].

(j) Waivers and Consents. All necessary waivers, consents, approvals and authorizations required in connection with the Transaction Documents dated as of the Initial Advance Date and the transactions contemplated therein shall have been delivered.

(k) Reserve Accounts. The Administrative Agent shall have received evidence of compliance with the requirements of Section 5.1 as to the Initial Required Liquidity Reserve Amount and the Initial Required Class C Reserve Amount.

(l) Financial Statements. The Administrative Agent shall have received audited financial statements for the AerCap Group for the year ended December 31, 2005 (with a draft

form containing notes being deemed acceptable for this purpose, to the extent the actual final audited statement is not yet available) and any other financial statements as are available and reasonably requested by the Administrative Agent.

(m) Certain Events. None of the following events has occurred: (i) any information submitted to the Administrative Agent or any Lender by or on behalf of the Borrower, any Borrower Subsidiary, AerCap or any Service Provider proves to have been inaccurate or incomplete in any material respect; (ii) any change which has had, or could reasonably be expected to have, in the sole determination of the Administrative Agent, a materially adverse effect on (A) the condition (financial or otherwise), business or operations of the AerCap Group, taken as a whole, or (B) the Aircraft Assets, taken as a whole; (iii) any material adverse change in the loan syndication market, the asset-backed securities market or the aircraft sales market; (iv) the Administrative Agent is not satisfied that the transactions, arrangements, or dispositions of assets contemplated by, or incidental to, the Borrower Acquisitions in respect of the Initial Financed Aircraft have been consummated in accordance with the provisions of the Borrower Acquisition Documents; or (v) there shall be any pending or threatened litigation or other proceeding (private or governmental) with respect to such Borrower Acquisition Documents, the Transaction Documents or any of the transactions contemplated thereby.

(n) Payment of Fees. Payment in full of all Fees and Collateral Agent Fees and Expenses due on the Initial Advance Date.

(o) Payment of Costs and Expenses. Payment of all costs and expenses (including legal fees) accrued prior to the Closing Date and the Initial Advance Date, as applicable, in accordance with Section 17.4 hereof to the extent invoiced or otherwise notified to the Borrower in writing and in a manner and at such time as the Administrative Agent and the Borrower may have agreed in order to mutually close on the Initial Advances on the Closing Date.

(p) Description of Initial Financed Aircraft, etc. The Administrative Agent shall have received copies of Schedule I, Schedule II and Schedule III incorporating all information required thereunder regarding (i) each Initial Financed Aircraft or interests therein acquired with such Initial Advances, (ii) each Aircraft Owning Entity and, if applicable, Owner Participant and Owner Trustee related to any Initial Financed Aircraft, and (iii) the Lease with respect to each Initial Financed Aircraft.

(q) No Event of Loss. No Event of Loss has occurred with respect to any one or more Initial Financed Aircraft as of the Initial Advance Date.

(r) Hedging Policy. The Borrower shall have implemented Eligible Hedge Agreements with Eligible Counterparties in compliance with the Hedging Policy.

(s) Security Deposits. The Administrative Agent shall have received evidence reasonably satisfactory to it that the Borrower is complying with the covenants applicable to funding of amounts in respect of Security Deposits set forth at Section 8.1(c)(i), to the extent applicable.

SECTION 7.2 Additional Advances. The release of funds to the Borrower from the making of any Additional Advance under this Agreement in connection with the acquisition of an Additionally Financed Aircraft (*i.e.*, not an Improvement Advance, a Critical Mass Event Advance or an Increased Availability Advance) is, in addition to the conditions precedent specified in Section 7.1 and Section 7.5, and subject to the funding and release procedures described in Section 2.3(c), subject to the fulfillment of the following conditions precedent:

(a) No Borrowing Base Deficiency. After giving effect to the Additional Advance and to the related release of funds (and for the avoidance of doubt, determining each Borrowing Base for this purpose giving effect to the inclusion of the incipient Additionally Financed Aircraft within the Borrower's Portfolio and to the application of all applicable Advance Rate Adjustments), no Borrowing Base Deficiency will exist (and the Administrative Agent shall have received an Additional Advance Request and a Holding Period Release Request, as applicable, containing a borrowing base certification demonstrating the foregoing).

(b) Aircraft and Lessee Limitations. If Critical Mass will exist after giving effect to the Additional Advances or has previously been achieved, the acquisition of the related Additionally Financed Aircraft into the Borrower's Portfolio does not constitute either an Aircraft Limitation Event or a Lessee Limitation Event.

(c) Aircraft Age. Each Additionally Financed Aircraft has an Aircraft Age of less than the Aircraft Age Limit for Aircraft of its Type.

(d) Off-Lease Aircraft. No such Additionally Financed Aircraft to be acquired will be Off-Lease, unless immediately after giving effect to such acquisition, not more than 10% (measured by Adjusted Borrowing Value) of all Aircraft in the Borrower's Portfolio are Off-Lease.

(e) Deliveries. The Administrative Agent shall have received all of the following, each duly executed and dated the related Additional Advance Date or, if later, the date of release of related funds to the Borrower (or such earlier date as shall be satisfactory to the Administrative Agent), and otherwise as indicated below:

(i) Incumbency. Certified specimen signatures of officers of each Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance;

(ii) Good Standing. Certificates issued as of a recent date by the Secretaries of State or comparable officials of the respective jurisdiction of formation of each Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance, as to the due existence and good standing (to the extent such concept is applicable) of such Person;

(iii) Aircraft Acquisition Documents. Copies of the Aircraft Acquisition Documents in respect of the Additionally Financed Aircraft (which shall have been delivered in final, if available, or in draft form to the Administrative Agent at least five (5) Business Days prior to the applicable Additional Advance Date, except that

delivery of a related Lessee insurance certificate shall be governed by the covenant of the Borrower at Section 10.34 hereof;

(iv) Organizational Documents. The Organizational Documents of each Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance, certified as of a recent date, and which shall, if permitted under applicable law, contain limitations on purpose and other bankruptcy remoteness provisions reasonably satisfactory to the Administrative Agent;

(v) Operating Documents. Operating Documents of each Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance, certified as of the related Additional Advance Date as true and correct, and which shall contain limitations on purpose and other bankruptcy remoteness provisions reasonably satisfactory to the Administrative Agent;

(vi) FAA Counsel Opinions. With respect to each Additionally Financed Aircraft registered in the United States, the favorable written opinion of FAA Counsel that the applicable Aircraft Owning Entity is the registered owner of such Aircraft, that such Aircraft is free and clear of recorded liens, and as to such other matters as the Administrative Agent may

reasonably request;

(vii) Local Counsel Opinions. With respect to each Additionally Financed Aircraft that is registered in, or which is under Lease to a Lessee organized under the laws of or domiciled in, a country other than the United States, the favorable written opinion of Local Aircraft Counsel with respect to each Applicable Foreign Aviation Law applicable to such Additionally Financed Aircraft as to (A) the due registration of such Aircraft, and (B) that such Aircraft is free and clear of recorded liens to the extent that liens may be recorded under Applicable Foreign Aviation Law, and (C) as to such other matters as the Administrative Agent may reasonably request (which request may include, with respect to jurisdictions of concern to the Lenders, an opinion satisfactory to the Administrative Agent advising as to creditor's rights, including rights of recovery and repossession of aircraft), provided, that the Administrative Agent may not exercise such clause (C) right with respect to Applicable Foreign Aviation Law of the countries listed on the current version of the Approved Country List;

(viii) Cape Town Registration Opinions. With respect to each Additionally Financed Aircraft or related Aircraft Asset as to which any of the transactions contemplated in the release of the Additional Advance are creating or assigning international interests that may be registered in the International Registry, a legal opinion addressing the effectiveness and effect of such registrations under the Cape Town Convention, in form and substance satisfactory to the Administrative Agent, *provided*, that (A) if delivery of such opinion concurrently upon or prior to the release to the Borrower of funds under an Additional Advance is not feasible after the Borrower's using commercially reasonable efforts to comply with this condition, such delivery shall not be a condition precedent and instead shall be the subject of the Borrower's covenant obligation set forth at Section 10.2, and (B) if the provisions of clause (A) apply to the delivery condition, it shall nonetheless be a condition precedent to the release of funds

that the Borrower deliver to the Administrative Agent a draft form of such opinion, substantially in the form to be eventually delivered pursuant to Section 10.2, which draft is in form and substance reasonably satisfactory to the Administrative Agent;

(ix) Security Interest Granted by Non-Irish or Non-U.S. Lessor. With respect to each Additionally Financed Aircraft the Lessor of which is domiciled or otherwise connected with a country other than the United States or Ireland, such that the laws of such country would or could, in the reasonable judgment of the Administrative Agent, govern or establish the perfection and effect of perfection and/or priority of the Collateral Agent's security interest in such Lease granted by the Lessor under the Security Trust Agreement, a legal opinion, in form and substance reasonably satisfactory to the Administrative Agent, addressing and confirming the taking of such actions or making of such filings in such country as would or could govern or establish the perfection and effect of perfection and/or priority of the Collateral Agent's security interest (or confirming that such actions will be taken or filings will be made, to the extent that such actions or filings cannot under applicable law be taken or made prior to the release of funds associated with the related Additional Advance to the Borrower), or the Borrower shall have otherwise confirmed or established, in a manner reasonably satisfactory to the Administrative Agent, that the taking of such actions or making of such filings as are specified in the legal opinion shall have occurred or will occur;

(x) Notice and Acknowledgment. A Notice and Acknowledgment, executed by the applicable Borrower Subsidiary for each Additionally Financed Aircraft and the applicable Lessee, with respect to each of the related Additional Leases;

(xi) Aircraft Insurance. (A) With respect to each of the Additionally Financed Aircraft, and if available as of the Additional Advance Date (and if not then available the related covenant of the Borrower set forth at Section 10.34 hereof shall apply), certificates of insurance from qualified brokers of aircraft insurance or other evidence reasonably satisfactory to the Administrative Agent, evidencing all insurance required to be maintained by the applicable Obligor under the Lease and/or the applicable Notice and Acknowledgment, in each case, together with all endorsements required under the Transaction Documents and/or the applicable Notice and Acknowledgment, and (B) certificates of insurance from qualified brokers of aircraft insurance or other evidence satisfactory to the Administrative Agent with respect to the Contingent Insurance Policy, together with all endorsements required under the Transaction Documents;

(xii) Lien/Registration Searches. To the extent available under the applicable law, the Administrative Agent shall have received searches of the applicable title and/or lien registration records, in the jurisdiction(s) of registration of the applicable Aircraft;

(xiii) Appraisals. The Administrative Agent shall have received Initial Base Value Appraisals and Initial Current Market Value Appraisal in respect of the Additionally Financed Aircraft; and

(xiv) NY Counsel Opinion. With respect to each Borrower Group Member entering into or becoming party to a Credit Document in respect of or relating to an Additionally Financed Aircraft, a legal opinion of special New York counsel to such Borrower Group Member (which may be the same special New York counsel as delivered the legal opinion referred to in Section 7.1(g)(vi) on the Initial Advance Date), addressing substantially the same matters, as to the relevant additional Borrower Group Member(s), as were addressed in respect of Borrower Group Members in the opinion of special New York counsel delivered on the Initial Advance Date.

(f) Financing Statements, Other Registrations, etc.

(i) The Administrative Agent shall have received Uniform Commercial Code financing statements appropriate for filing in all places required by applicable law to perfect the Liens of the Collateral Agent for the benefit of the Lenders under the Transaction Documents as first priority Liens as to the interests in any Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance, in which a security interest may be perfected by the filing of financing statements, and such other documents and/or evidence of other actions or registrations as may be necessary under applicable law (including Irish law and the Cape Town Convention) to perfect, within the time period provided for in the Security Trust Agreement, or otherwise ensure the effectiveness of the related Liens of the Collateral Agent for the benefit of the Lenders under the Transaction Documents as first priority Liens (and, in the case of the pledge of equity interests in Borrower Group Members that are organized under the laws of Ireland, the entry into an Irish Pledge with respect to such interests);

(ii) The Borrower shall have delivered to the Collateral Agent all stock certificates and other certificates, if any, evidencing ownership of any Equity Interests in any Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance, accompanied in each case by duly executed stock or transfer powers (or other appropriate transfer documents) in blank affixed thereto, in each case if customary under the law of the jurisdiction governing the pledges;

(iii) The Borrower shall have delivered to the Collateral Agent fully executed "control agreements" that have been executed by the respective issuers (and consented to by the Borrower) with respect to any uncertificated Equity Interests of any Borrower Subsidiary that is becoming a Borrower Group Member in connection with such Additional Advance;

(iv) Each of the Aircraft Owning Entities and Owner Participants shall have delivered to the Collateral Agent fully executed "control agreements" with respect to any uncertificated Equity Interests in any Owner Trust, Applicable Intermediary or other Subsidiary, that is becoming a Borrower Group Member in connection with such Additional Advance;

(v) Subject to the proviso below, there shall have been delivered evidence satisfactory to the Administrative Agent of the taking of such actions (including

without limitation becoming a "transacting user entity" with the International Registry) and the making of such registrations (including prospective registrations) in the International Registry pursuant to the Cape Town Convention and the International Registry Procedures to obtain the benefits and protections of the Cape Town Convention as may be applicable and available to the transactions contemplated by the Credit Documents as the same relate to the Borrower Acquisition Documents that are the subject of an Advance, provided, it is understood that (A) no mortgages are being taken directly on the Aircraft, (B) if a related Lease is not, at the time of the release of proceeds of the Advance to the Borrower, an "international interest" then it is not a condition precedent to such release of proceeds to undertake the search or any of the registrations described in clause (C) immediately below, and (C) where the related Lease is or has become, at the time of the release of such proceeds, an "international interest", it is a condition to the release of such proceeds to the Borrower in respect of the related Advance that (i) a search of the registry with respect to the relevant Aircraft reveals no prior registration of an interest or prospective interest in such Lease (other than by the Lessor), (ii) the Lessor's interest in the Lease be registered (including as a prospective interest) as and to the extent necessary to permit timely compliance with the condition in the immediately succeeding clause (iii), and (iii) the Lessor's security assignment of the Lease to the Collateral Agent shall have been registered (including as a prospective interest); and

(vi) For each Additional Lease with a Lessor that is organized under the laws of a State (or the District of Columbia) within the United States (within the meaning of Article 9 of the UCC), (A) if such Lease was originated by the Lessor prior to the Closing Date, the Borrower shall have delivered to the Collateral Agent, if available, a Chattel Paper Original of the applicable Lease and any related lease amendment or supplement, in each case signed by the Lessee (and complied with the other requirements set forth in the definition of Chattel Paper Original herein), and in any case, if available, a duplicate "hard copy" original thereof signed by the Lessee if available, and (B) if such Lease was originated by the Lessor after the Closing Date, the Borrower shall have delivered to the Collateral Agent a Chattel Paper Original of the applicable Lease (together with any related lease amendment or supplement constituting an extension or renewal thereof), in each case signed by the Lessee (and complied with the other requirements set forth in the definition of Chattel Paper Original herein).

(vii) The applicable Borrower Subsidiary owning or to become the owner of the related Funded Aircraft, shall have duly authorized, executed and delivered a "Grantor Supplement" as defined in and as contemplated under the Security Trust Agreement, and the Borrower shall have duly authorized, executed and delivered a related "Collateral Supplement" as defined in and contemplated under the Security Trust Agreement, and such Collateral Supplement shall have been registered in the "Register of Charges" of Bermuda (with a search of such Register of Charges revealing no prior registration with respect to the Collateral that is the subject matter of such Collateral Supplement).

(g) No Proceedings. There exist no proceedings or investigations pending or, to the Borrower's knowledge, threatened, before any court, regulatory body, administrative agency or

other tribunal or governmental instrumentality having jurisdiction over the Borrower or any Borrower Subsidiaries or any of their respective properties (A) asserting the invalidity of this Agreement or any of the other Credit Documents, as the same relate to the

Aircraft Acquisition Documents associated with the relevant Additionally Financed Aircraft, (B) seeking to prevent the consummation or performance of any of the transactions contemplated by this Agreement or any of the other Credit Documents, as the same specifically relate to the rights of the Collateral Agent in the Aircraft Acquisition Documents associated with the relevant Additionally Financed Aircraft, or (C) seeking any determination or ruling that might materially and adversely affect the performance by the Borrower or any Borrower Subsidiaries of its obligations under any of the Credit Documents, as the same specifically relate to the rights of the Collateral Agent in the Aircraft Acquisition Documents associated with the relevant Additionally Financed Aircraft.

(h) Waivers and Consents. All necessary waivers, consents, approvals and authorizations required in connection with the Transaction Documents dated as of the Additional Advance Date and the transactions contemplated therein shall have been delivered.

(i) Reserve Accounts. The Administrative Agent shall have received evidence that the Liquidity Reserve Account shall have been funded so as to equal the Required Liquidity Reserve Amount, and that the Class C Reserve Account shall have been funded so as to equal the Required Class C Reserve Amount (in each case after giving effect to the addition of the related Additionally Financed Aircraft to the Borrower's Portfolio), which funding may be derived from the proceeds of Class B Advances (in the case of the Liquidity Reserve Account) and Class C Advances (in the case of the Class C Reserve Account).

(j) Certain Events. None of the following events has occurred: (i) any information submitted to the Administrative Agent or any Lender by or on behalf of the Borrower, any Borrower Subsidiary, AerCap or any Service Provider in connection with such Additional Advance or related proposed Additionally Financed Aircraft proves to have been inaccurate or incomplete in any material respect; and (ii) there shall be any pending or threatened litigation or other proceeding (private or governmental) with respect to the Borrower Acquisition Documents relating to the proposed Additionally Financed Aircraft.

(k) Description of Additionally Financed Aircraft, etc. The Administrative Agent shall have received amended and restated copies of Schedule I, Schedule II and Schedule III incorporating all information required thereunder regarding (i) the Additionally Financed Aircraft or interests therein acquired with such Additional Advances, (ii) each Aircraft Owning Entity and, if applicable, Owner Participant and Owner Trustee related to any such Additionally Financed Aircraft, and (iii) the Lease with respect to each Additionally Financed Aircraft.

(l) No Event of Loss. No Event of Loss has occurred with respect to any such Additionally Financed Aircraft as of the Additional Advance Date.

(m) Security Deposits. The Administrative Agent shall have received evidence reasonably satisfactory to it that the Borrower is complying with the covenants applicable to funding of amounts in respect of Security Deposits set forth at Section 8.1(c)(i), to the extent applicable.

(n) No Violation of Law. The consummation of the transactions contemplated by this Agreement and the other Credit Documents and the Borrower Acquisition Documents, as the same relate to the relevant Additionally Financed Aircraft, do not (A) violate in any material respect any law (including, without limitation, any Environmental Law), rule or regulation applicable to the Borrower or any Borrower Subsidiaries or to such Borrower Acquisition Documents or relevant Additionally Financed Aircraft, or (B) violate any writ, order, judgment or decree binding on or affecting the Borrower or any Borrower Subsidiaries of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Borrower or any Borrower Subsidiaries and relating to such Borrower Acquisition Documents or relevant Additionally Financed Aircraft.

SECTION 7.3 Improvement Advances. The making of any Additional Advance under this Agreement constituting an Improvement Advance is, in addition to the conditions precedent specified in Section 7.1 and Section 7.5, subject to the fulfillment of the following conditions precedent:

(a) No Borrowing Base Deficiency. After giving effect to any Improvement Advance (and for the avoidance of doubt, determining each Borrowing Base for this purpose giving effect to the inclusion of the Aircraft as so improved within the Borrower's Portfolio), no Borrowing Base Deficiency will exist (and the Administrative Agent shall have received an Additional Advance Request containing a borrowing base certification demonstrating the foregoing).

(b) Occurrence of Effective Date. The Freighter Conversion Effective Date or Other Improvement Effective Date, as applicable, shall have occurred.

(c) Insurance. Evidence that applicable insurance coverages have been increased to account for the increase in value attributable to the improved Aircraft.

(d) No Mechanics Liens, etc. Evidence reasonably satisfactory to the Administrative Agent that all mechanics, materialmen and other providers of services in connection with the improvement, shall have been paid in full and that no Liens relating to or attributable to such services exist (or any such Liens have been discharged by payment in full).

(e) Reserves. Each of the Liquidity Reserve Account and the Class C Reserve Account is (or will be, after giving effect to the Improvement Advance) fully funded to the level of the Required Liquidity Reserve Amount or Required Class C Reserve Account, as applicable.

(f) Update Lien Filings, etc. Evidence that any necessary amendments of filings in any public or aviation Lien records have been made.

(g) Payment Date. The Improvement Advance shall be funded only on a Payment Date.

(g) Deliveries. The Administrative Agent shall have received all of the following, in form and substance satisfactory to the Administrative Agent and such Funding Agent:

(i) Effective Date Deliveries. The documentation contemplated in the definitions of Freighter Conversion Effective Date or Other Improvement Effective Date, as applicable.

(ii) Appraisals. A related Improvement Base Value Appraisal and Improvement Current Market Value Appraisal.

SECTION 7.4 Critical Mass Event Advance; Increased Availability Advance. The making of any Additional Advance under this Agreement constituting a Critical Mass Event Advance or an Increased Availability Advance is, in addition to the conditions precedent specified in Section 7.1 and Section 7.5, subject to the fulfillment of the following conditions precedent:

(a) No Borrowing Base Deficiency. After giving effect to any Critical Mass Event Advance or Increased Availability Advance, no Borrowing Base Deficiency will exist (and the Administrative Agent shall have received an Additional Advance Request and a Monthly Report demonstrating the foregoing).

(b) Number. In the case of a Critical Mass Event Advance, no Critical Mass Event Advance has previously been requested and funded.

(c) Timing. The related Advances are to be funded on a Payment Date.

(d) Critical Mass. Critical Mass or other conditions shall exist, with the result that availability of the Borrowing Base has increased due to a Critical Mass Advance Rate Adjustment or other change in an Advance Rate Adjustment.

(e) Reserves. Each of the Liquidity Reserve Account and the Class C Reserve Account is (or will be, after giving effect to the Critical Mass Event Advance) fully funded to the level of the Required Liquidity Reserve Amount or Required Class C Reserve Account, as applicable.

SECTION 7.5 All Advances. The making of the Initial Advance and any Additional Advance under this Agreement is, in addition to the conditions precedent specified in Section 7.1, Section 7.2, Section 7.3 and Section 7.4 (in each case as applicable), subject to the conditions precedent that:

(a) No Event of Default. No Default, Event of Default, Early Amortization Event (including a Servicer Termination Event), or event that would constitute a Servicer Termination Event or Early Amortization Event but for the passage of time or the giving of notice or both, has occurred and is continuing or will result from the effectiveness of this Agreement or the making of the applicable Advance; and

(b) Representations and Warranties. As of the date of such Advance, and after giving effect to such Advance and the consummation of the transactions contemplated in the making of such Advance, the representations and warranties of the Borrower contained in Article IX and of the Service Providers contained in Section 8.3 are true and correct as of the date of such requested Advance, with the same effect as though made on the date of such Advance (except,

that any such representations or warranties expressly stated by their terms to be made only at or as of one or more particular dates or times, shall be made only at or as of such specified dates or times and are not so deemed to be a condition to Advance).

ARTICLE VIII

ADMINISTRATION AND SERVICING OF AIRCRAFT AND LEASES

SECTION 8.1 Collection Procedures.

(a) Administration.

(i) Except as otherwise provided herein or in any other Transaction Documents, the Collections shall be administered by the Service Providers, in accordance with the terms of this Agreement and the terms of the Service Provider Agreements. The Borrower shall provide to the Service Providers on a timely basis all information needed for such administration. The Borrower hereby appoints the Service Providers (to the extent so appointed under the relevant Service Provider Agreement) as its agent to administer the Aircraft, the Leases and the Related Security and collect the Collections in accordance with this Agreement and the Service Provider Agreements.

(ii) AerCap hereby covenants and agrees to act as Servicer under this Agreement and the Servicing Agreement for a term, commencing on the Closing Date and ending on the date of receipt by the Servicer of a notice of

termination from the Administrative Agent in accordance with Section 13.2. AerCap hereby agrees that, as of the Closing Date, it shall become bound to continue as the Servicer subject to and in accordance with the other provisions of this Agreement and the Servicing Agreement.

(iii) Each Service Provider agrees that its servicing of the Aircraft Assets shall be conducted in conformance with the applicable Standard of Performance and otherwise in accordance with this Agreement and the relevant Servicer Provider Agreement. Each Service Provider's duties shall be set forth in the relevant Service Provider Agreement.

(b) Change in Payment Instructions to Obligors. Neither the Service Providers nor the Borrower will add or terminate any bank or bank account as an Account Bank, Non-Trustee Account Bank, Collection Account, Security Deposit Account, Maintenance Reserve Account, Liquidity Reserve Account or Class C Reserve Account from those listed in Schedule VI to this Agreement, or make any change in its instructions to Obligors regarding payments to be made under any Lease related to any Aircraft to the Collection Account, a Non-Trustee Account or the Maintenance Reserve Account, unless (i) except in the case of the addition of the Irish VAT Refund Account, the Administrative Agent shall have consented thereto in writing and (ii) the Administrative Agent and the Collateral Agent shall have received notice of such addition, termination or change (including an updated Schedule VI) and a fully executed account control agreement with respect to such bank and/or bank account, in each case, in form and substance satisfactory to the Administrative Agent.

(c) Deposits to Accounts. The Borrower will, or will cause the applicable Service Provider to, (x) direct all Obligors related to Leases of Funded Aircraft to remit all Collections and all payments in respect of Security Deposits with respect to such Aircraft (but not payments in respect of Maintenance Reserves with respect to any Aircraft) to the Collection Account or a Non-Trustee Account and (y) direct all Non-Trustee Account Banks, if any, to transfer all available funds (other than a nominal amount consented to by the Administrative Agent) in each Non-Trustee Account to the Collection Account at such times and in such a manner as shall be satisfactory to the Administrative Agent. Further, and without limiting the immediately preceding sentence, the Borrower will, or will cause the applicable Service Provider to:

(i) on or prior to each related Advance Date (A) with respect to a Category 2 Aircraft or a Category 3 Aircraft, transfer or otherwise deposit, into the Security Deposit Account, an amount equal to the outstanding balance of the amount of Security Deposit then required under the Lease applicable to such Aircraft, and (B) with respect to a Category 1 Aircraft, and only if the Borrower shall elect to do so in its sole discretion, transfer or otherwise deposit, into the Security Deposit Account, an amount equal to the outstanding balance of the amount of Security Deposit then required under the Lease applicable to such Aircraft;

(ii) at any time after the Advance Date on which an Advance is made with respect to an Aircraft, promptly, and in any event on the Business Day of receipt of any Security Deposit with respect to such Aircraft (x) directly from any Obligor or (y) in the Collection Account, deposit all such Security Deposits to the Security Deposit Account;

(iii) direct all Obligors related to Leases of Aircraft with respect to which an Advance has occurred hereunder to remit any payments in respect of Maintenance Reserves with respect to such Aircraft to the Maintenance Reserve Account; and

(iv) at any time after the Advance Date on which an Advance is made with respect to an Aircraft, promptly, and in any event on the Business Day of the receipt of any Maintenance Reserves with respect to such Aircraft (x) directly from any Obligor or (y) in the Collection Account (and the Borrower's or the Servicer's determination that such funds constitute Maintenance Reserves), deposit all such Maintenance Reserves to the Maintenance Reserve Account.

If the Borrower or any Service Provider shall receive any funds constituting Collections (other than Security Deposits and Maintenance Reserves) directly, it shall promptly (and, in any event, on the Business Day of the Borrower's or the Servicer's receipt of such funds) deposit the same to the Collection Account.

Neither the Borrower nor any Service Provider will deposit or otherwise credit, or cause to be so deposited or credited:

(A) to the Collection Account, cash or cash proceeds other than Collections and Security Deposits relating to the Aircraft;

(B) to the Security Deposit Account, cash or cash proceeds other than Security Deposits relating to the Aircraft (or the related payment amount in respect of Category 1, Category 2 or Category 3 Aircraft described in subsection (c)(i) of this Section; and

(C) to the Maintenance Reserve Account, cash or cash proceeds other than Maintenance Reserves.

The Borrower and the Service Providers will use commercially reasonable efforts to direct the Collateral Agent to withdraw and transfer to an appropriate account any cash or cash proceeds deposited or otherwise credited:

(A) to the Collection Account, other than Collections and Security Deposits relating to the Aircraft;

(B) to the Security Deposit Account, other than Security Deposits relating to the Aircraft; and

(C) to the Maintenance Reserve Account, other than Maintenance Reserves.

(d) Letters of Credit. In the event a Lessee in accordance with its applicable Lease has procured a letter of credit in lieu of cash funding of its obligations regarding Maintenance Reserves or Security Deposits, (i) the Borrower and the Servicer will maintain access to such letter of credit, and (ii) following the occurrence of an Event of Default, and upon request by the Administrative Agent, the Borrower and the Servicer will each use reasonable commercial efforts to cause the issuing bank to make the Collateral Agent an additional beneficiary of such letter of credit.

(e) Payment Date Distributions. On each Payment Date, all Available Collections will be applied by the Collateral Agent (x) in the case of clause (i) below, in accordance with instructions and directions to the Collateral Trustee set forth on the Monthly Report to be delivered to the Collateral Agent on the related Determination Date (or, if the Collateral Agent fails to do so, by the Administrative Agent), and (ii) in the case of clause (ii) below, in accordance with a written direction received by the Collateral Agent from the Administrative Agent, and in each case as follows (and in the order of priority listed):

(i) so long as no Event of Default has occurred and, in any case, prior to the declaration, or automatic occurrence, of the Facility Termination Date:

(A) to the Collateral Agent in payment in full of all accrued Collateral Agent Fees and Expenses;

(B) ratably to each Class A Funding Agent, Class B Funding Agent and Class C Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group, on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding

Group, and on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), the fees payable pursuant to the Fee Letter in respect of the unused portion of the applicable Non-Conduit Lender Commitment;

(C) pro rata, to the applicable payees, for payment or reimbursement of Borrower Expenses and, during the Amortization Period, or if a Funding Threshold Event shall have occurred and be continuing, for Borrower Income Tax Expenses;

(D) to the applicable Service Providers, in payment in full of their Service Provider Fees with respect to such Payment Date;

(E) pro rata (1) to the counterparties on any Hedge Agreements for the hedge payments due thereunder (other than termination payments), if any, and (2) ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), any Yield due under this Agreement in respect of outstanding Class A Advances (it being agreed that each Class A Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(F) ratably to the Administrative Agent, the Class A Funding Agents and the Class A Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under Section 17.4 hereof) payable to the Administrative Agent, a Class A Funding Agent or a Class A Lender pursuant to the terms of any of the Transaction Documents;

(G) pro rata (1) ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), in the amount of the Class A Borrowing Base Deficiency, if any, on such Payment Date (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders), and (2) to the counterparties on any Hedge Agreements for the hedge termination payments, if any, until paid in full;

(H) ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), any Yield due under this Agreement in respect of outstanding Class B Advances (it being agreed that each Class B Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(I) ratably to the Class B Funding Agents and the Class B Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under

Section 17.4 hereof) payable to a Class B Funding Agent or a Class B Lender pursuant to the terms of any of the

Transaction Documents;

(J) ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), in the amount of the Class B Borrowing Base Deficiency on such Payment Date (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(K) to fund the Liquidity Reserve Account up to the Required Liquidity Reserve Amount;

(L) ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), any Yield due under this Agreement in respect of outstanding Class C Advances (it being agreed that each Class C Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(M) ratably to the Class C Funding Agents and the Class C Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under Section 17.4 hereof) payable to a Class C Funding Agent or a Class C Lender pursuant to the terms of any of the Transaction Documents;

(N) ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), in the amount of the Class C Borrowing Base Deficiency on such Payment Date (it being agreed that each Class C Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(O) to the Servicer, for Servicer Advance Reimbursements (together with accrued and unpaid interest thereon);

(P) to fund the Class C Reserve Account up to the Required Class C Reserve Amount;

(Q) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), on behalf of the related Class A Lenders, in reduction of the Outstanding Class A Principal Amount, an amount equal to the amount required to reduce the aggregate outstanding principal balance of all

Class A Advances as of such Payment Date to the balance that would have resulted as of such Payment Date if the Borrower had made a principal payment in reduction of the Outstanding Class A Principal Amount on each Payment Date on or after the Conversion Date and through, and including, such Payment Date in an amount equal to the aggregate outstanding principal balance of all Class A Advances as of the Conversion Date divided by 120 (the "Class A Scheduled Principal Payment") (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(R) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), on behalf of the related Class B Lenders, in reduction of the Outstanding Class B Principal Amount, an amount equal to the amount required to reduce the aggregate outstanding principal balance of all Class B Advances as of such Payment Date to the balance that would have resulted as of such Payment Date if the Borrower had made a principal payment in reduction of the Outstanding Class B Principal Amount on each Payment Date on or after the Conversion Date and through, and including, such Payment Date in an amount equal to the aggregate outstanding principal balance of all Class B Advances as of the Conversion Date divided by 120 (the "Class B Scheduled Principal Payments") (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(S) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), on behalf of the related Class C Lenders, in reduction of the Outstanding Class C Principal Amount, an amount equal to the amount required to reduce the aggregate outstanding principal balance of all Class C Advances as of such Payment Date to the balance that would have resulted as of such Payment Date if the Borrower had made a principal payment in reduction of the Outstanding Class C Principal Amount on each Payment Date on or after the Conversion Date and through, and including, such Payment Date in an amount equal to the aggregate outstanding principal balance of all Class C Advances as of the Conversion Date divided by 120 (the "Class C Scheduled Principal Payments") (it being agreed that each Class C Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(T) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), on behalf of the related Class A Lenders, in reduction of the Outstanding Class A Principal Amount, the amount required to reduce the Outstanding Class A Principal Amount to zero (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(U) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), on behalf of the related Class B Lenders, in reduction of the Outstanding Class B Principal Amount, the amount required to reduce the Outstanding Class B Principal Amount to zero (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(V) during the Amortization Period or if a Funding Threshold Event shall have occurred and be continuing, ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), on behalf of the related Class C Lenders, in reduction of the Outstanding Class C Principal Amount, the amount required to reduce the Outstanding Class C Principal Amount to zero (it being agreed that each Class C Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(W) to the Service Providers in payment in full of any expenses and/or indemnification payments payable thereto under the Service Provider Agreements as of the last day of the prior calendar month, to the extent not previously paid under clause (C) above or otherwise;

(X) prior to the Amortization Period, to or at the direction of the Borrower, for Borrower Income Tax Expenses; and

(Y) to or at the direction of the Borrower (including to make payments of interest, principal and premium, if any, on one or more AerCap Sub Notes and of accrued interest on the AerCap Liquidity Facility), the remaining portion of such funds, *provided*, that the Borrower may elect, in its sole discretion, to retain all or a portion of such funds in the Collection Account; and

(ii) if an Event of Default has occurred and is continuing or, in any case, after the declaration, or automatic occurrence, of the Facility Termination Date:

(A) to the Collateral Agent in payment in full of all accrued Collateral Agent Fees and Expenses;

(B) ratably to each Class A Funding Agent, Class B Funding Agent and Class C Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group, on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group, and on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), the fees remaining payable pursuant to the Fee Letter in respect of the unused portion of the applicable Non-Conduit Lender Commitment that accrued prior to the Conversion Date;

(C) pro rata, to the applicable payee, for payment or reimbursement of Borrower Expenses and Borrower Income Tax Expenses;

(D) to the applicable Service Providers in payment in full of their Service Provider Fees with respect to such Payment Date;

(E) pro rata (1) to the counterparties on any Hedge Agreements for the hedge payments due thereunder (other than termination payments), if any, and (2) ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), any Yield due under this Agreement in respect of outstanding Class A Advances, including Yield payable at the Default Rate (it being agreed that each Class A Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(F) ratably to the Administrative Agent, the Class A Funding Agents and the Class A Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under Section 17.4 hereof) payable to the Administrative Agent, a Class A Funding Agent or a Class A Lender pursuant to the terms of any of the Transaction Documents;

(G) pro rata (1) ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), in the amount of the Class A Borrowing Base Deficiency, if any, on such Payment Date (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders), and (2) to the counterparties on any Hedge Agreements for the hedge termination payments, if any, until paid in full;

(H) ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), any Yield (other than Yield accrued at the Default Rate to the extent in excess of the Yield that would otherwise be payable but for the occurrence and continuance of an Event of Default or the declaration, or automatic occurrence, of the Facility Termination Date) due under this Agreement in respect of outstanding Class B Advances (it being agreed that each Class B Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(I) ratably to the Class B Funding Agents and the Class B Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under Section 17.4 hereof) payable to a Class B Funding Agent or a Class B Lender pursuant to the terms of any of the Transaction Documents;

(J) ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), any Yield (other than Yield accrued at the Default Rate to the extent in excess of the Yield that would otherwise be payable but for the occurrence and continuance of an Event of Default or the declaration, or automatic occurrence, of the Facility Termination Date) due under this Agreement in respect of outstanding Class C Advances (it being agreed that each Class C Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(K) ratably to the Class C Funding Agents and the Class C Lenders for all costs and expenses and other similar amounts (including, without limitation, any amounts payable under Sections 6.1 through 6.4 hereof and under Section 17.4 hereof) payable to a Class C Funding Agent or a Class C Lender pursuant to the terms of any of the Transaction Documents;

(L) ratably to each Class A Funding Agent (based on outstanding Class A Advances funded by each Class A Funding Agent's Class A Funding Group), on behalf of the related Class A Lenders, in reduction of the Outstanding Class A Principal Amount, the amount required to reduce the Outstanding Class A Principal Amount to zero (it being agreed that each Class A Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(M) ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), any remaining Yield due under this Agreement in respect of outstanding Class B Advances (it being agreed that each Class B Funding Agent

shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(N) ratably to each Class B Funding Agent (based on outstanding Class B Advances funded by each Class B Funding Agent's Class B Funding Group), on behalf of the related Class B Lenders, in reduction of the Outstanding Class B Principal Amount, the amount required to reduce the Outstanding Class B Principal Amount to zero (it being agreed that each Class B Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(O) ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), any remaining Yield due under this Agreement in respect of outstanding Class C Advances (it being agreed that each Class C Funding Agent shall distribute any such Yield received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(P) ratably to each Class C Funding Agent (based on outstanding Class C Advances funded by each Class C Funding Agent's Class C Funding Group), on behalf of the related Class C Lenders, in reduction of the Outstanding Class C Principal Amount, the amount required to reduce the Outstanding Class C Principal Amount to zero (it being agreed that each Class C Funding Agent shall distribute any such amount received to the Lenders in its Funding Group on a pro rata basis based upon the outstanding principal amount of Advances funded by such Lenders);

(Q) to the Servicer, for Servicer Advance Reimbursements (together with accrued and unpaid interest thereon);

(R) to the Service Providers in payment in full of any expenses and/or indemnification payments payable thereto under the Servicing Agreement as of the last day of the prior calendar month, to the extent not previously paid under clause (C) above or otherwise; and

(S) to or at the direction of the Borrower (including to make payments of interest, principal and premium, if any, on one or more AerCap Sub Notes and of accrued interest on the AerCap Liquidity Facility), the remaining portion of such funds, *provided*, that the Borrower may elect, in its sole discretion, to retain all or a portion of such funds in the Collection Account.

(f) Returned Collections. For the purposes of this Section 8.1, if and to the extent the Administrative Agent, any Funding Agent, the Collateral Agent or any Lender shall be required for any reason to pay over to an Obligor any amount received on its behalf hereunder, such

amount shall be deemed not to have been so received but rather to have been retained by the Borrower and, accordingly, the Administrative Agent, such Funding Agent, the Collateral Agent or such Lender, as the case may be, shall have a claim against the Borrower for such amount, payable pursuant to the Flow of Funds above.

(g) Servicer Advances.

(i) The Servicer shall be entitled, but is not obliged, to make one or more advances (any of which, a "Servicer Advance"), *provided* that the Servicer may not make Servicer Advances during the period between the Closing Date and the Facility Termination Date in a cumulative aggregate amount exceeding $25,000,000 (with such calculation of cumulative aggregate amount made without regard to whether any such Servicer Advances are or have been repaid). The proceeds of Servicer Advances will be applied as if they were Available Collections for the Payment Date relating to the monthly collection period in respect of which made. The Servicer shall be entitled to reimbursement for such Servicer Advances, payable under the Flow of Funds as a Servicer Advance Reimbursement (together with interest accrued thereon as provided in clause (ii) of this subsection (g) below).

(ii) The outstanding unpaid principal balance of Servicer Advances shall bear interest, at a rate per annum equal to the Eurodollar Rate (determined as set forth in clause (i) of the definition of Eurodollar Rate) plus a margin of 3.75% per annum, payable monthly on each Payment Date (to the extent of Available Collections) pursuant to an allocation thereto in the Flow of Funds.

(h) Lessee Payments. The Borrower, Borrower Subsidiaries and the Service Providers at all times shall be entitled to withdraw funds from the Maintenance Reserves Account and the Security Deposit Account to the extent such parties are required to pay amounts in respect of Maintenance Reserves or Security Deposits to Lessees or other third parties pursuant to the terms of any Lease or the Service Provider Agreements.

(i) Maintenance Reserve Payments. Following the termination of a Lease, the Borrower, Borrower Subsidiaries and the Service Providers shall be entitled to withdraw from the Maintenance Reserves Account any balances contained therein attributable to the related Aircraft for the payment of any expenses incurred in maintaining, repairing, remarketing, storing, insuring or getting the applicable Off-Lease Aircraft generally in a condition for Lease, to another Eligible Lessee.

(j) Expenses. Notwithstanding anything to the contrary herein or in any other Transaction Document, the Cash Manager may, from time to time on any Business Day, upon written request to the Account Bank, withdraw from the Collection Account or from the Liquidity Reserve Account such amounts as are needed to discharge any Borrower Expense or, except during periods when such expenses would not be payable at the level of the third allocation under Section 8.1(e)(i), Borrower Income Tax Expense. The Borrower agrees to cause the amount of such non-Payment Date withdrawals to be disclosed and set forth on the Monthly Report relating to the month in which such withdrawals occur.

(k) Irish VAT Refund Account. All payments of refunds with respect to Irish value-added tax and any other amounts related to Irish tax payments payable to any Borrower Group Member shall be, when received, deposited in the Irish VAT Refund Account. Funds held in the Irish VAT Refund Account shall be converted into Dollars with a recognized foreign exchange dealer or foreign commercial bank (which may be the bank where the Irish VAT Refund Account is located or the Account Bank or an affiliate). Upon conversion and receipt of Dollars, the Collateral Agent shall cause such amounts to be deposited from the Irish VAT Refund Account to the Collections Account as soon as administratively practicable. The cost and expense of any such conversion shall be added to and reflected in the rate obtained for conversion and in no event shall the Borrower, the Collateral Agent or any of their respective affiliates be liable in respect of the exchange rate obtained for any such conversion or any related cost or expense.

All amounts held in the Irish VAT Refund Account from time to time shall remain uninvested pending conversion to Dollars and transfer to the Collections Account.

The Service Provider Administrative Agent shall promptly notify the Collateral Agent in writing of the expected payment of any

such refund and the anticipated amount thereof.

SECTION 8.2 Investments. All funds on deposit in the Collection Account, the Maintenance Reserve Account, the Security Deposit Account, the Liquidity Reserve Account and the Class C Reserve Account shall be invested only in Eligible Investments as specified by the Borrower in writing to the Account Bank from time to time; provided, that if the Borrower shall fail to specify such Eligible Investments in a timely manner, the Collateral Agent, at the direction of the Administrative Agent, may specify such Eligible Investments. All investments of funds on deposit in the Collection Account, the Maintenance Reserve Account, the Security Deposit Account, the Liquidity Reserve Account and the Class C Reserve Account shall mature, or may be sold or withdrawn without loss, not later than the Business Day preceding the next Payment Date. Income earned on funds deposited to the Collection Account, the Maintenance Reserve Account, the Security Deposit Account, the Liquidity Reserve Account and the Class C Reserve Account shall be transferred by the Account Bank to the Collection Account on the Business Day prior to each Payment Date for distribution pursuant to the Flow of Funds; provided, that the Servicer shall notify the Account Bank of any income earned on funds deposited to the Maintenance Reserve Account or the Security Deposit Account which must be retained in such accounts pursuant to the terms of any applicable Leases (and such income shall not be so transferred).

SECTION 8.3 Covenants, Representations and Warranties of Service Providers. In addition to the covenants of the applicable Service Provider set forth in the applicable Service Provider Agreement, each Service Provider hereby makes the following applicable representations, warranties and covenants to the other parties hereto on which the Lenders shall rely in making the Advances:

(a) Covenants. The applicable Service Provider covenants to the Borrower, the Administrative Agent, each Funding Agent and the Lenders as follows:

(i) No Service Provider shall do anything to impair the rights of the Borrower, the Administrative Agent or the Lenders in the Aircraft Assets, including, without limitation, in the Related Security.

(ii) Each Service Provider shall at all times maintain its principal executive office within Ireland.

(iii) The Insurance Servicer shall maintain customary amounts of insurance coverage with respect to the Service Providers under the Service Provider Agreements, including, without limitation, coverage for errors and omissions (but not, employee fidelity bond), fire, theft, workers compensation and servicer liability arising from the collection or remarketing, as applicable, of the Leases, provided that the coverage for errors and omissions applicable to the Service Providers as a whole shall in all cases be maintained at a level of coverage at least equal to $10,000,000 (subject to customary deductibles and copayments, if applicable).

(iv) The Servicer shall, on every third Determination Date occurring following the Closing Date, prepare and forward a Quarterly Report to the Administrative Agent and each Funding Agent.

(v) Each Service Provider shall, consistent with the scope and area of its duties and responsibilities set forth in the applicable Service Provider Agreements to which it is a party, provide services to the Borrower and the Borrower Subsidiaries so as to enable them to comply with their respective obligations under this Agreement, including without limitation in respect of their covenant obligations set forth in Article X. Each Service Provider further agrees to refrain from taking actions that are inconsistent with such obligations of the Borrower and Borrower Subsidiaries.

(vi) Each Service Provider shall maintain (a) its legal existence and, if applicable, good standing in the jurisdiction of its formation, incorporation, or organization and (b) its qualification and, if applicable, good standing in all other jurisdictions in which the failure to maintain such qualification and good standing could reasonably be expected to cause a Material Adverse Effect.

(vii) The Servicer shall furnish to the Collateral Agent, the Administrative Agent and each Funding Agent from time to time such statements and schedules further identifying and describing the Borrower Collateral as the Collateral Agent, the Administrative Agent or any Funding Agent may reasonably request, all in reasonable detail.

(viii) The Servicer will not maintain, nor permit a Lessor to maintain, for any purposes related to perfection or the effect of perfection in the applicable jurisdiction, the possession of any executed original counterparts of the Leases that would be deemed a Chattel Paper Original, in a jurisdiction other than Ireland, unless such Lease is a Chattel Paper Original deposited with the Collateral Agent.

(ix) Each Service Provider shall maintain its computer systems so that, from and after the time of the Initial Advance under this Agreement, its Records indicate clearly that the Borrower Collateral is directly or indirectly owned by the Borrower or another Borrower Group Member.

(x) The Servicer on behalf of the Borrower shall maintain records of the Aircraft and the Leases, consistent with those of a prudent international operating lessor.

(xi) With respect to technical and maintenance Records relating to a Funded Aircraft, the Servicer agrees on behalf of the Borrower to provide the Collateral Agent and the Administrative Agent, promptly upon request, access to (i) while the

Aircraft is under Lease, such Records of the Lessee that the Lessor is entitled itself to access under, and subject to the restrictions of, the related Lease and the cooperation of the Lessee (which cooperation the Servicer will pursue consistent with the Servicer Standard of Performance), and (ii) in any case, such Records that the Borrower or the Lessor maintains on its own account through the Servicer. The Servicer agrees to maintain and update such Records consistent with the Servicer Standard of Performance.

(xii) Each Service Provider shall advise the Lenders, the Collateral Agent, the Administrative Agent and each Funding Agent promptly, in reasonable detail, (i) of any Adverse Claim known to it made or asserted against any of the Borrower Collateral (other than Permitted Liens), (ii) of the occurrence of any event (other than a change in general market conditions) which would have a material adverse effect on the the assignments and security interests granted by the Borrower or AerCap under any Credit Document, and (iii) as soon as such Service Provider becomes aware, of any loss, theft, damage, or destruction to any Aircraft if the potential cost of repair or replacement of such asset (without regard to any insurance claim related thereto) may exceed $5,000,000.

(xiii) No Service Provider shall directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 9.21, (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law (and the Service Provider shall deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming their compliance with this section).

(xiv) Subject to the availability to the respective Service Provider of adequate funding to comply with its obligations under this section and the Service Provider Agreement to which it is a party, each Service Provider shall keep the Borrower in compliance with its obligations and covenants herein and under any other Related Documents provided to such Service Provider by the Borrower, to the extent that such obligations and covenants specifically relate to the "Services" as defined in the Service

Provider Agreement to which such Service Provider is a party. Nothing in this section or in the Service Provider Agreement to which such Service Provider is a party shall be deemed to constitute or be construed as (i) a delegation or other transfer to, or an assumption by, such Service Provider or any of its Affiliates of any obligations of any Person within the Borrower Group to make any payment to any Lessee, any Lender (without limiting any express obligation of the Service Provider under the applicable Service Provider Agreement) or other Person, or to comply with any other monetary obligation, under any Lease or any other Transaction Document, or (ii) a transfer to such Service Provider or any of its Affiliates of any right, title or interest in any Lease or related agreement or any Aircraft Asset covered thereby.

(xv) The Service Providers agree to procure and deliver to the Borrower, so as to allow the Borrower to comply with its corresponding reporting obligation under Section 10.19(a), as soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the audited consolidated financial statements, prepared in accordance with GAAP, for such year of the AerCap Group, certified by any firm of nationally recognized independent certified public accountants acceptable to the Administrative Agent, accompanied by a certificate of the officer in charge of financial matters of AerCap B.V., confirming that AerCap Group is in compliance with the net worth requirement in Section 12.1(f) hereof;

(xvi) The Service Providers agree to procure and deliver to the Borrower, so as to allow the Borrower to comply with its corresponding reporting obligation under Section 10.19(a), as soon as available and in any event within 75 days after the end of each of the first three quarters of each Fiscal Year, with respect to the AerCap Group, unaudited consolidated balance sheets as of the end of such quarter and as at the end of the previous Fiscal Year, and consolidated statements of income for such quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter prepared in accordance with GAAP, certified by the officer in charge of financial matters of the AerCap Group, identifying such balance sheets or statements as being the balance sheets or statements of such Person described in this paragraph (xvi) and stating that the information set forth therein fairly presents the financial condition of the AerCap Group as of and for the periods then ended, subject to year-end adjustments consisting only of normal, recurring accruals and omissions of footnotes and subject to the auditors' year end report, and accompanied by a certificate of the officer in charge of financial matters of AerCap B.V. confirming that AerCap Group is in compliance with the net worth requirements in Section 12.1(f) hereof.

(b) Representations and Warranties. Each Service Provider represents and warrants to the Borrower, the Administrative Agent, each Funding Agent and the Lenders, as of (unless otherwise explicitly set forth below) the Closing Date, the Initial Advance Date, the date of each Additional Advance and each Payment Date (provided that the representation and warranty in Section 8.3(b)(vii)(E) is made only as of the Initial Advance Date), as to itself that:

(i) Such Service Provider has been duly incorporated and is validly existing under the laws of the Republic of Ireland, with power, authority and legal right

to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted;

(ii) There is no existing default under any Operating or Organizational Document of such Service Provider or any event which, with the giving of notice or the passage of time or both, would have a Material Adverse Effect;

(iii) Each Service Provider is duly qualified to do business as a foreign corporation, and has obtained all necessary licenses and approvals, in all jurisdictions in which the conduct of its business (including, as applicable, the servicing of the Aircraft, the Leases and the Related Security as required by this Agreement) requires such qualification and where the failure to be so qualified would have a material adverse effect on its business and assets taken as a whole or on its ability to perform the applicable services provided for in the related Service Provider Agreements;

(iv) Such Service Provider has the power and authority to execute and deliver this Agreement and the other Credit Documents to which it is a party and to carry out its terms and their terms, respectively, and the execution, delivery and performance of this Agreement and the other Credit Documents to which it is a party have been duly authorized by such Service Provider by all necessary corporate action;

(v) This Agreement and the other Credit Documents to which such Service Provider is a party constitute its legal, valid and binding obligations, enforceable in accordance with their respective terms, except as enforceability may be limited by bankruptcy, insolvency, moratorium, reorganization, or other similar laws affecting the enforcement of creditors' rights generally and by equitable limitations on the availability of specific remedies, regardless of whether such enforceability is considered in a proceeding in equity or at law;

(vi) The consummation of the transactions contemplated by this Agreement and the other Credit Documents to which such Service Provider is a party, and the fulfillment of the terms of this Agreement and the other Transaction Documents to which it is a party, shall not conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, any Operational or Organizational Document of such Service Provider, or any indenture, agreement, mortgage, deed of trust or other instrument to which such Service Provider is a party or by which it is bound or any of its properties are subject, or result in the creation or imposition of any Lien (other than a Permitted Lien) upon any of its properties pursuant to the terms of any such indenture, agreement, mortgage, deed of trust on other instrument, other than this Agreement, or violate any law (including, without limitation, any Environmental Laws), order, rule or regulation applicable to the Service Provider of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Service Provider or any of its properties, except where any such conflict or violation would not have a Material Adverse Effect;

(vii) There are no proceedings or investigations pending against such Service Provider, before any court, regulatory body, administrative agency or other tribunal or governmental instrumentality having jurisdiction over such Service Provider or its properties (A) asserting the invalidity of this Agreement or any of the Credit Documents, (B) seeking to prevent the consummation or performance of any of the transactions contemplated by this Agreement or any of the Credit Documents to which such Service Provider is a party, (C) seeking any determination or ruling that might materially and adversely affect the performance by such Service Provider of its obligations under, or the validity or enforceability of, this Agreement or any of the Credit Documents to which such Service Provider is a party, (D) that could otherwise have a Material Adverse Effect (but without giving effect to clause (ii) of the definition thereof), or (E) as of the Closing Date only, that could otherwise have a Material Adverse Effect (but giving effect to the entire definition of such term);

(viii) All approvals, authorizations, consents, licenses, registrations, declarations, orders or other actions of any Person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution and delivery by such Service Provider of this Agreement and the other Credit Documents to which it is a party and the consummation of the transactions contemplated thereby have been or will be taken, made or obtained on or prior to respective dates of execution and delivery of this Agreement and such other Credit Documents;

(ix) The Service Provider has complied in all material respects with all applicable laws (including, without limitation, any Environmental Law), rules, regulations, judgments (unless such judgment has been properly appealed and such appeal is being diligently prosecuted by such Person), agreements, decrees and orders, as any of the same relate to performance by it of its services under the applicable Service Provider Agreements;

(x) In each case, to the extent that the failure of such representation to be true would have a material adverse effect on its ability to perform its obligations under the applicable Service Provider Agreements, (A) the Service Provider has filed on a timely basis all Tax Returns (including, without limitation, foreign, federal, state, local and otherwise) required to be filed, (B) the Service Provider is not liable for Taxes payable by any other Person, (C) the Service Provider has paid, or made adequate provisions for the payment in accordance with GAAP of, all Taxes, assessments and other governmental charges due from the Service Provider, (D) all such Tax Returns are true and correct in all material respects, (E) no tax lien or similar Adverse Claim has been filed, and no claim is being asserted, with respect to any such Tax, assessment or other governmental charge, (F) any Taxes, fees and other governmental charges payable by the Service Provider in connection with the execution and delivery of this Agreement and the other Credit Documents and the transactions contemplated hereby or thereby, have been paid or will be paid when due, and (G) the Service Provider is unaware of any proposed or pending tax assessments, deficiencies or audits that could be reasonably expected to, individually or in the aggregate, result in such a material adverse effect.

(xi) All written information furnished by or on behalf of the Service Provider to any Lender, the Collateral Agent, the Administrative Agent or any Funding Agent in connection with this Agreement or any transaction contemplated hereby is true and complete in all material respects on and as of the date of delivery of such written information, and does not omit to state a material fact

necessary to make the statements contained therein not misleading on and as of such date of delivery;

(xii) In each case, to the extent that the failure of such representation to be true would have a material adverse effect on its ability to perform its obligations under the applicable Service Provider Agreements, (A) the Service Provider is in compliance in all material respects with all, and has no liability under any, applicable Environmental Laws and has been issued and currently maintains all required foreign, federal, state and local permits, licenses, certificates and approvals, and (B) the Service Provider has not been notified of any pending action, suit, proceeding or investigation, and is not aware of any facts, which (1) calls into question, or could reasonably be expected to call into question, compliance by it with any Environmental Laws, (2) seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval necessary for the operation of its business, assets or facilities or for the generation, handling, storage, treatment or disposal of any Hazardous Materials, or (3) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any of its property to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law;

(xiii) Each Service Provider is not engaged in nor has it engaged in any course of conduct that could subject any of its properties to any Adverse Claim, seizure or other forfeiture under any criminal law, racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws, whether foreign or domestic;

(xiv) Each Service Provider is not in violation of any Anti-Terrorism Laws, including the Executive Order, and the Patriot Act.

Neither the Service Providers, nor any broker or other agent of it acting or benefiting in any capacity in connection with the Advances is any of the following:

(A) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(B) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(C) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(D) a person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(E) a person that is named as a "specially designated national and blocked person" on the most current list published by OFAC at its official website or any replacement website or other replacement official publication of such list.

Neither the Service Provider, nor any broker or other agent of it acting in any capacity in connection with the Advances (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in the preceding paragraph, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law;

(xv) Each of the representations and warranties of the Service Provider set forth in the applicable Service Provider Agreements to which it is a party, each of which is hereby incorporated herein by reference, is true and correct in all material respects (it being understood that a representation or warranty that by its express terms is expressed to be made as of, and only as of, a particular date or time, is only represented to be true and correct at and as of such time), and the Administrative Agent, the Funding Agents and the Lenders shall be entitled to rely on each of them as if they were fully set forth herein;

(xvii) On and as of each Advance Date (and after giving effect to the transactions contemplated to occur on such Advance Date), there does not exist any Servicer Termination Event or event that would constitute a Servicer Termination Event but for the passage of time or the giving of notice or both;

(xviii) The Servicer represents and warrants that each Monthly Report and Quarterly Report delivered hereunder is accurate in all material respects as of the date thereof; and

(xix) On the Closing Date, the Servicer represents and warrants that the consolidated balance sheets of the AerCap Group as at December 31, 2005, and the related statements of income and retained earnings of the AerCap Group for the Fiscal Year then ended, copies of which have been furnished to the Administrative Agent and each of the Funding Agents, fairly present the financial condition of the AerCap Group as at such date and the results of the operations of the AerCap Group for the period ended on such date, all in accordance with GAAP consistently applied.

ARTICLE IX

REPRESENTATIONS AND WARRANTIES OF THE BORROWER

In order to induce the other parties hereto to enter into this Agreement and, in the case of the Lenders, to make Advances

hereunder, the Borrower hereby represents and warrants to the Administrative Agent, the Collateral Agent, each Funding Agent and the Lenders, as of (unless

otherwise explicitly set forth below) the Closing Date, the Initial Advance Date, the date of each Additional Advance and each Payment Date, as follows:

SECTION 9.1 Subsidiaries. The Borrower has no Subsidiaries other than the Aircraft Owning Entities, Applicable Intermediaries and Owner Participants and any Persons owning beneficial interests therein.

SECTION 9.2 Organization and Good Standing.

(a) Borrower. The Borrower has been duly organized and is validly existing as an exempted company under the laws of Bermuda, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times and now has, power and authority and legal right to acquire and own the Aircraft, Leases and Related Security, the other Aircraft Assets and the Equity Interests of the Borrower Subsidiaries and to grant to the Collateral Agent, for the benefit of the Lenders, a first priority security interest in the Borrower Collateral and to enter into and perform its obligations under this Agreement and each of the other Transaction Documents to which it is a party.

(b) Subsidiaries. Each of the Borrower Subsidiaries has been duly formed, incorporated or organized and is validly existing as a corporation, limited liability company, partnership, limited partnership, business or statutory trust, owner trust or other business entity in good standing under the laws of the jurisdiction of its formation (to the extent such concept is recognized in such jurisdiction), incorporation or organization as set forth in Schedule VIII, with power and authority to own its properties and to conduct its business as such properties are currently owned and such business is currently conducted, and had at all relevant times and now has, power and authority and legal right to acquire and own Aircraft, Leases, Related Security, other Aircraft Assets and, if applicable, Equity Interests of other Borrower Subsidiaries and perform its obligations under each of the Transaction Documents to which it is a party.

(c) Constitutive Documents. There is no existing material default under any Operating or Organizational Document of the Borrower or any Borrower Subsidiaries or any event which, with the giving of notice or passage of time or both, would constitute a default by any party thereunder.

SECTION 9.3 Due Qualification. The Borrower and each of the Borrower Subsidiaries is duly qualified to do business as a foreign entity in good standing (to the extent such concept is applicable), and has obtained all necessary licenses and approvals, in all jurisdictions in which the failure to so qualify, or obtain such license or approval, would result in a Material Adverse Effect.

SECTION 9.4 Enforceability. This Agreement and the other Transaction Documents to which the Borrower or any of the Borrower Subsidiaries are a party constitute legal, valid and binding obligations of the Borrower and such Borrower Subsidiaries, as applicable, enforceable in accordance with their respective terms, except as enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other similar law, and (ii) general principles of equity.

SECTION 9.5 Security Interest.

(a) The Security Trust Agreement creates or shall create upon registration where registration is required to secure priority, a valid first priority security interest in the Borrower Collateral in favor of the Collateral Agent, enforceable against the Borrower and the Borrower Subsidiary grantors thereunder, and creditors of and purchasers from such grantors.

(b) None of the Borrower Collateral has been pledged, assigned, sold or otherwise encumbered other than pursuant to the terms of AerCap-Borrower Purchase Agreement or any applicable Borrower Acquisition Document or the terms hereof or of the Security Trust Agreement and except for Permitted Liens, and no Borrower Collateral is described in (i) any UCC financing statements filed against AerCap, any Seller or the Borrower other than UCC financing statements which have been terminated and the UCC financing statements filed in connection with the Security Trust Agreement, each of which name the Collateral Agent as secured party or the AerCap-Borrower Purchase Agreement, which names the Borrower as purchaser/secured party, or (ii) any other registries or filing records that may be applicable to the Borrower Collateral in any other relevant jurisdiction, other than such filings or registrations made in connection with the Security Trust Agreement or any other security document in favor of the Collateral Agent.

SECTION 9.6 No Violation. The consummation of the transactions contemplated by this Agreement and the other Credit Documents to which the Borrower or any Borrower Subsidiaries are a party, and the fulfillment of the terms of this Agreement and the other Credit Documents to which the Borrower or any Borrower Subsidiaries are a party, shall not (A) conflict with, result in any breach of any of the terms and provisions of, or constitute (with or without notice or lapse of time) a default under, the Operational Documents or Organizational Documents of the Borrower or any Borrower Subsidiaries, or any material indenture, agreement, mortgage, deed of trust or other instrument to which the Borrower or any Borrower Subsidiary is a party or by which it is bound or any of its properties are subject, or (B) result in the creation or imposition of any Adverse Claim upon any of the properties of the Borrower or any Borrower Subsidiaries pursuant to the terms of any such indenture, agreement, mortgage, deed of trust or other instrument, other than the Security Trust Agreement, and/or AerCap-Borrower Purchase Agreement, or (C) violate in any material respect any law (including, without limitation, any Environmental Law), rule or regulation applicable to the Borrower or any Borrower Subsidiaries or with respect to any Borrower

Collateral, except (but only with respect to the remaking of this representation on each Payment Date and each Advance Date, when applicable) to the extent that the failure so to comply would not materially adversely affect the Borrower Collateral, the collectibility of a substantial portion of the Leases or the ability of the Borrower, any Service Provider or such Borrower Subsidiary to perform its obligations under the Credit Documents, or (D) violate any writ, order, judgment or decree binding on or affecting the Borrower or any Borrower Subsidiaries of any court or of any federal or state regulatory body, administrative agency or other governmental instrumentality having jurisdiction over the Borrower or any Borrower Subsidiaries or any of their respective properties.

SECTION 9.7 No Proceedings. There are no proceedings or investigations pending against the Borrower or any Borrower Subsidiaries, before any court, regulatory body,

administrative agency or other tribunal or governmental instrumentality having jurisdiction over the Borrower or any Borrower Subsidiaries or any of their respective properties (A) asserting the invalidity or unenforceability of this Agreement or any of the other Credit Documents, (B) seeking to prevent the consummation or performance of any of the transactions contemplated by this Agreement or any of the other Credit Documents, (C) as of the Closing Date only, seeking any determination or ruling that might materially and adversely affect the performance by the Borrower or any Borrower Subsidiaries of its obligations under any of the Credit Documents or (D) as of the Closing Date only, that could have a material adverse effect on the Borrower or any Borrower Subsidiaries, the Aircraft, the Leases, or any other Borrower Collateral.

SECTION 9.8 Approvals. As of each Advance Date, with respect to the Transaction Documents that specifically relate to the Advance occurring on that date, all approvals, authorizations, consents, licenses, registrations, declarations, orders or other actions of any Person, corporation or other organization, or of any court, governmental agency or body or official, required in connection with the execution and delivery by the Borrower or any Borrower Subsidiaries of any such Transaction Document to which it is a party and the consummation of the transactions contemplated thereby have been or will be taken or obtained on or prior to the respective dates of execution and delivery of such Transaction Documents.

SECTION 9.9 Subsidiaries. As of the Closing Date, Schedule VIII sets forth (a) a correct and complete list of the relationship of the Borrower and the Borrower Subsidiaries and all of their respective Subsidiaries, (b) the location of the chief executive office of each of them, (c) the jurisdiction of formation, incorporation or organization of each of them, (d) a true and complete listing of each class of the Equity Interests of each of them, of which all of such issued Equity Interests are validly issued, outstanding, fully paid and non-assessable, and owned beneficially and of record by the Persons identified in Schedule VIII, (e) the type of entity of each of them, and (f) if applicable, the employer or taxpayer identification number of each of them and the organizational identification number issued by each of their respective jurisdictions of formation, incorporation, or organization. Each of the Borrower and each Borrower Subsidiary has only one jurisdiction of formation, incorporation, or organization, except that the Borrower is a resident of Ireland for tax purposes.

SECTION 9.10 Solvency. As of the Closing Date and each Advance Date, each of the Borrower and each of the Borrower Subsidiaries is Solvent and will not become insolvent after giving effect to the transactions contemplated by this Agreement and the other Transaction Documents. None of the Borrower or any Borrower Subsidiaries has any Indebtedness to any Person other than as permitted pursuant to Section 10.27 hereof.

SECTION 9.11 Compliance with Laws. The Borrower and each Borrower Subsidiary, (a) as of each Advance Date, has complied in all material respects with all applicable laws (including, without limitation, any Environmental Law), rules, regulations, judgments (unless such judgment has been properly appealed and such appeal is being diligently prosecuted by such Person), agreements, decrees and orders with respect to, as of any Advance Date, the Aircraft, Leases and other Aircraft Assets that are the subject of funding on such Advance Date, and (b) as of each Advance Date and each Payment Date, has complied in all material respects

with all applicable laws (including, without limitation, any Environmental Law), rules, regulations, judgments (unless such judgment has been properly appealed and such appeal is being diligently prosecuted by such Person), agreements, decrees and orders with respect to its the Aircraft, Leases and other Aircraft Assets generally, except (in the case of this clause (b) where non-compliance could not reasonably be expected to have a Material Adverse Effect.

SECTION 9.12 Taxes. The Borrower and each Borrower Subsidiary has filed on a timely basis all Tax Returns (including, without limitation, foreign, federal, state, local and otherwise) required to be filed for which failure to file would have a Material Adverse Effect, and has paid, or in accordance with GAAP made adequate provisions for the payment of, all Taxes due from the Borrower and each of the Borrower Subsidiaries, as applicable. All such Tax Returns are true and correct in all material respects. No tax lien or similar Adverse Claim has been filed, and no claim is being asserted, with respect to any such Taxes. Any Taxes, fees and other governmental charges payable by the Borrower or any Borrower Subsidiaries in connection with the execution and delivery of this Agreement and the other Transaction Documents and the transactions contemplated hereby or thereby including the transfer of the Aircraft and the Leases and Related Security, if any, and the transfer of the Equity Interests of the Borrower Subsidiaries to the Borrower have been paid or will be paid when due. The Borrower is unaware of any proposed or pending tax assessments, deficiencies or audits that could be reasonably expected to, individually or in the aggregate, result in a material adverse change in the business, operations, property, prospects or financial or other condition of the Borrower and each of the Borrower Subsidiaries.

SECTION 9.13 Monthly Report. Each Monthly Report and Quarterly Report is accurate in all material respects as of the date thereof.

SECTION 9.14 No Liens, Etc.

(a) The Borrower Collateral and each part thereof is owned by the Borrower free and clear of any Adverse Claim other than Permitted Liens, and the Borrower has the full right, corporate power and lawful authority to assign, transfer and pledge the same and interests therein, and upon the making of the Initial Advances, the Collateral Agent, for the benefit of the Administrative Agent, each Funding Agent and the Lenders, will have, upon registration if required, acquired a perfected, first priority and valid security interest in such Borrower Collateral, free and clear of any Adverse Claim other than Permitted Liens. No effective control agreement, financing statement or other instrument similar in effect covering all or any part of the Borrower Collateral has been executed or is on file in any recording office, except such as may have been filed in favor of the Collateral Agent for the benefit of the Administrative Agent, the Funding Agents and the Lenders pursuant to Article VII of this Agreement or, with respect to the Leases, in favor of the Borrower pursuant to the Purchase Agreement. The use by the Borrower of the Borrower Collateral and all rights with respect thereto do not infringe on the rights of any person.

(b) The rights and obligations of the Borrower Group Members as Lessors under the Leases with respect to the Aircraft, and any Equity Interests in any other Person held by such Borrower Group Members, are, in each case, held free and clear of any Adverse Claim other than Permitted Liens, or prohibition with respect to transferability and each such Borrower Group

Member has the full right, corporate power and lawful authority to assign, transfer and pledge the same and interests therein, and upon the making of the Initial Advances or Additional Advance relating thereto, the Collateral Agent, for the benefit of the Administrative Agent, each Funding Agent and the Lenders, will have, upon registration if required, acquired a perfected, first priority and valid security interest in such rights, obligations and Equity Interests, free and clear of any Adverse Claim (other than Permitted Liens).

SECTION 9.15 Purchase and Sale. The Equity Interests of each Borrower Subsidiary, was purchased by the Borrower on the Initial Advance Date or on the date of an Additional Advance, *provided*, that for Initial Advance Dates or Additional Advance Dates involving the financing of the acquisition of an Aircraft not effected by the acquisition of such Equity Interests, the Borrower or an existing Borrower Subsidiary purchases such assets directly.

SECTION 9.16 Securities Act of 1933. Each of the sales and purchases under the Borrower Acquisition Documents and the purchase of the Equity Interests under AerCap-Borrower Purchase Agreement is exempt from the registration requirements of the Securities Act of 1933, as amended.

SECTION 9.17 Information True and Correct. All written information furnished by or on behalf of the Borrower or any Borrower Subsidiaries to any Lender, the Collateral Agent, the Administrative Agent or any Funding Agent in connection with this Agreement or any transaction contemplated hereby, when delivered (and when taken in connection with previous information so furnished for the purpose of completeness) is true and, when taken as a whole, complete in all material respects and does not omit to state a material fact necessary to make the statements contained therein not misleading.

SECTION 9.18 Environmental Laws. The Borrower and each Borrower Subsidiary is in compliance in all material respects with all, and has no liability under any, applicable Environmental Laws and has been issued and currently maintains all required foreign, federal, state and local permits, licenses, certificates and approvals, except in each case where the failure to so comply or maintain would not have a material adverse effect on the the Borrower or the Borrower Subsidiaries or their assets or property, taken as a whole. None of the Borrower or any Borrower Subsidiaries has been notified of any pending or threatened action, suit, proceeding or investigation, and none of the Borrower or any Borrower Subsidiary is aware of any facts, which (a) calls into question, or could reasonably be expected to call into question, compliance by the Borrower or any Borrower Subsidiaries with any Environmental Laws, (b) seeks, or could reasonably be expected to form the basis of a meritorious proceeding, to suspend, revoke or terminate any license, permit or approval necessary for the operation of any the Borrower's or any Borrower Subsidiaries' business, assets or facilities or for the generation, handling, storage, treatment or disposal of any Hazardous Materials, or (c) seeks to cause, or could reasonably be expected to form the basis of a meritorious proceeding to cause, any property of the Borrower or any Borrower Subsidiaries to be subject to any restrictions on ownership, use, occupancy or transferability under any Environmental Law.

SECTION 9.19 Employment Matters. None of the Borrower or any Borrower Subsidiary has or has ever had (i) any Employee Benefit Plan, any Multiemployer Plan or any

Pension Plan, or any obligation to fund any such plan or (ii) any employee other than officers thereof.

SECTION 9.20 RICO. None of the Borrower or any Borrower Subsidiary is engaged in or has engaged in any course of conduct that could subject any of their respective properties to any Adverse Claim, seizure or other forfeiture under any criminal law, racketeer influenced and corrupt organizations law, civil or criminal, or other similar laws, whether foreign or domestic.

SECTION 9.21 Anti-Terrorism Law. None of the Borrower, any Borrower Subsidiary or, to the knowledge of the Borrower as of the Advance Date relating to a Lessee, any such Lessee, is in violation of any Requirement of Law relating to terrorism or money laundering ("Anti-Terrorism Laws"), including Executive Order No. 13224 on Terrorist Financing, effective September 24, 2001 (the "Executive Order"), and the Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism Act of 2001, Public Law 107-56 (the "Patriot Act").

None of the Borrower or any Borrower Subsidiaries or any broker or other agent of any of them acting or benefiting in any capacity in connection with the Advances is any of the following:

(i) a person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(ii) a person owned or controlled by, or acting for or on behalf of, any person that is listed in the annex to, or is otherwise subject to the provisions of, the Executive Order;

(iii) a person with which any Lender is prohibited from dealing or otherwise engaging in any transaction by any Anti-Terrorism Law;

(iv) a person that commits, threatens or conspires to commit or supports "terrorism" as defined in the Executive Order; or

(v) a person that is named as a "specially designated national and blocked person" on the most current list published by the U.S. Treasury Department Office of Foreign Assets Control ("OFAC") at its official website or any replacement website or other replacement official publication of such list.

None of the Borrower or any Borrower Subsidiaries or any broker or other agent of any of them acting in any capacity in connection with the Advances (i) conducts any business or engages in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in the preceding paragraph, (ii) deals in, or otherwise engages in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order, or (iii) engages in or conspires to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law.

SECTION 9.22 Depositary Banks. The names and addresses of the Account Bank and each Non-Trustee Account Bank and the Irish Bank, together with the account numbers of the Collection Account, the Security Deposit Account, the Maintenance Reserve Account, the Liquidity Reserve Account, the Class C Reserve Account, the Irish VAT Refund Account and each Non-Trustee Account are as specified in Schedule VI hereto, as such Schedule VI may be updated from time to time pursuant to Section 8.1(b). The Collection Account, Security Deposit Account, Non-Trustee Accounts, the Liquidity Reserve Account, the Class C Liquidity Reserve Account, the Irish VAT Refund Account and the Maintenance Reserve Account are the only accounts into which Collections are deposited or remitted. There are no lock-boxes or lockbox accounts associated with any of the Collection Account, the Security Deposit Account, the Maintenance Reserve Account, the Liquidity Reserve Account, the Class C Liquidity Reserve Account, the Irish VAT Refund Account or any Non-Trustee Account.

SECTION 9.23 Financial Condition. The actual balance sheet of the Borrower as of the Initial Advance Date, giving effect to the Borrower Acquisition, the initial Advances to be made under this Agreement and the transactions contemplated by this Agreement, the AerCap-Borrower Purchase Agreement and the other Transaction Documents, a copy of which shall been furnished to each of the Administrative Agent and each of the Funding Agents on or before the Initial Advance Date, shall fairly present the financial condition of the Borrower as at such date, in accordance with GAAP.

SECTION 9.24 Investment Company Status. None of the Borrower or any Borrower Subsidiary is an "investment company" or an "affiliated person" of, or "promoter" or "principal underwriter" for, an "investment company," as such terms are defined in the Investment Company Act of 1940, as amended. The making of the Advances by the Lenders, the application of the proceeds and repayment thereof by the Borrower and the consummation of the transactions contemplated by this Agreement and the other Transaction Documents to which the Borrower or any Borrower Subsidiary is a party will not violate any provision of such Act or any rule, regulation or order issued by the Securities and Exchange Commission thereunder.

SECTION 9.25 [Reserved].

SECTION 9.26 Representations and Warranties True and Accurate. Each of the representations and warranties of the Borrower and each Borrower Subsidiary contained in this Agreement and the other Credit Documents was true and accurate as and when deemed made.

SECTION 9.27 No Event of Loss. No Event of Loss has occurred with respect to any Initial Financed Aircraft as of the Initial Advance Date, or any Additionally Financed Aircraft as of the related Additional Advance Date.

SECTION 9.28 Description of Aircraft and Leases.

(a) Schedule I attached hereto, as supplemented from time to time pursuant to Section 7.2(l), or Section 10.8 hereof is a true and correct list of all Aircraft acquired under the AerCap-Borrower Purchase Agreement from time to time.

(b) Schedule II attached hereto, as supplemented from time to time pursuant to Section 7.2(l), or Section 10.8 hereof, is a true and

correct list of all Borrower Group Members and the Aircraft Owned thereby from time to time.

(c) Schedule III attached hereto, as supplemented from time to time pursuant to Section 7.2(l), Section 10.8 or Section 10.9 hereof, is a true and correct list of all Leases (including, without limitation, any head leases and sub-leases) in effect with respect to the Aircraft Owned by Borrower Group Members.

SECTION 9.29 No Default, Etc. There does not exist (as of the Closing Date, the Initial Advance Date and any Additional Advance Date), any Default, Event of Default, Early Amortization Event (including a Servicer Termination Event), or event that would constitute a Servicer Termination Event or Early Amortization Event but for the passage of time or the giving of notice or both.

SECTION 9.30 Subsidiary Constituent Documents. There is in full force and effect with respect to each Borrower Subsidiary, as applicable, a limited liability company agreement, trust agreement or other corporate constituent document substantially in the form of one of the documents attached hereto as Exhibit Q or otherwise reasonably acceptable to Administrative Agent.

ARTICLE X

COVENANTS

From the Closing Date until the later of the Facility Termination Date or the day thereafter on which all Obligations shall have been finally and fully paid and performed, the Borrower hereby covenants and agrees as follows:

SECTION 10.1 Legal Existence and Good Standing. The Borrower shall, and the Borrower shall cause each of the Borrower Subsidiaries to, maintain (a) its legal existence and, if applicable, good standing in the jurisdiction of its formation, incorporation, or organization and (b) its qualification and, if applicable, good standing in all other jurisdictions in which the failure to maintain such qualification and good standing could reasonably be expected to cause a Material Adverse Effect.

SECTION 10.2 Protection of Security Interest of the Lenders.

(a) (i) At or prior to the Initial Advance Date, the Borrower shall have filed or caused to be filed, with respect to itself and each other Borrower Group Member that is a grantor of security interests under the Security Trust Agreement, UCC-1 financing statements and amendments thereto, naming such Borrower Group Member as debtor, naming the Collateral Agent (for the benefit of the Lenders, the Administrative Agent and the Funding Agents) as secured party and describing the applicable Borrower Collateral (such UCC-1 financing statements and amendments to be satisfactory to the Administrative Agent and the Collateral Agent), with the Washington, D.C. Office of Registry and in such other jurisdictions and locations as may be required to perfect the security interests in the Borrower Collateral granted

under the Security Trust Agreement and/or as the Collateral Agent or the Funding Agents shall have reasonably required. From time to time, on or after the Initial Advance Date, the Borrower shall execute and file (or cause to be executed and filed) such financing statements and cause to be executed and filed such continuation statements, and shall make such registrations of international interests and assignments thereof existing or arising under the Cape Town Convention, including without limitation any prospective filings or other filings necessary or advisable under the Cape Town Convention (*provided*, that if a Lessee's cooperation is necessary to effectuate any such registrations, the Borrower shall only be required to make such registration to the extent feasible using commercially reasonable efforts), all in such manner and in such places as may be required by law fully to preserve, maintain and protect the interest of the Administrative Agent, the Collateral Agent, the Funding Agent and the Lenders under this Agreement and the Security Trust Agreement in the Borrower Collateral, and in the proceeds thereof. In addition, with respect to the delivery of any legal opinion in respect of the Cape Town Convention, stated to be a condition precedent to Advances under Section 7.1 or Section 7.2 hereof, but the execution and delivery of which is relegated to an undertaking of the Borrower under this subsection (a)(i), the Borrower agrees to obtain the relevant legal opinion as soon as feasible but in no event later than ten (10) Business Days following the date of the related release of funds to the Borrower in respect of the Advance. The Borrower shall in any case deliver (or cause to be delivered) to the Administrative Agent file-stamped copies of, or filing receipts for, any document filed or registration effected as provided above, as soon as available following such filing or registration. In the event that the Borrower fails to perform its obligations under this subsection, the Collateral Agent and the Administrative Agent may (and upon the direction of any Funding Agent shall) do so at the expense of the Borrower, to the extent that they are legally entitled to do so.

(ii) Notwithstanding anything herein or in any other Credit Document to the contrary, the Collateral Agent shall be under no obligation to file or prepare any financing statement or continuation statement or to take any action or to execute any further documents or instruments in order to create, preserve or perfect the security interest granted hereunder, such obligations being solely the obligations of the Borrower (or, as applicable, a Service Provider).

(b) The Borrower shall not, and shall not permit any other Borrower Group Member that is a grantor of a security interest under the Security Trust Agreement to, change its name, identity, or corporate structure in any manner that would, could or might make any financing statement or continuation statement filed in accordance with paragraph (a) above seriously misleading within the meaning of § 9-402(7) of the UCC, unless the Borrower shall have given the Administrative Agent and each Funding Agent at least thirty (30) days prior written notice thereof, and shall promptly file appropriate amendments to all previously filed financing statements and continuation statements.

(c) The Borrower shall give the Administrative Agent at least sixty (60) days' prior written notice of any change of the Borrower's, or any other Borrower Group Member's, jurisdiction of formation or organization. The Borrower shall at all times maintain

its principal office within Bermuda, provided that the Borrower may be an Irish tax resident.

(d) The Borrower shall furnish to the Collateral Agent, the Administrative Agent and each Funding Agent from time to time such statements and schedules further identifying and describing the Borrower Collateral and such other reports in connection with the Borrower Collateral as the Collateral Agent, the Administrative Agent or any Funding Agent may reasonably request, all in reasonable detail.

(e) The Borrower will not maintain, nor permit a Lessor to maintain, for purposes of determining perfection by possession under applicable law, possession of any executed original counterparts of the Leases that would be deemed the Chattel Paper Original in a jurisdiction other than Ireland, unless such Lease is an executed original or Chattel Paper Original deposited with the Collateral Agent.

SECTION 10.3 Records.

(a) The Borrower shall maintain its computer systems so that, from and after the time of the Initial Advance under this Agreement, its Records indicate clearly that the Borrower Collateral is directly or indirectly owned by Borrower or another Borrower Group Member.

(b) The Borrower shall, at its own cost and expense, maintain complete records of the Aircraft, the Leases and the other Aircraft Assets, consistent with those of a prudent international operating lessor. Upon request of the Collateral Agent, the Borrower shall, and shall cause the Borrower Subsidiaries to, deliver and turn over to the Collateral Trustee or to its representatives, or upon the request of the Administrative Agent, shall provide the Administrative Agent or its representatives with access to, during ordinary business hours, upon reasonable notice by the Administrative Agent, which shall in no event be less than three (3) Business Days (except if an Event of Default shall have occurred), all of the Borrower's and the Borrower Subsidiaries' facilities, appropriate supervisory personnel and Records pertaining to the Aircraft and Aircraft Assets. Promptly upon request therefor, the Borrower shall, and shall cause the Borrower Subsidiaries to, provide access to the Administrative Agent to Records reflecting activity relating to the Aircraft and Aircraft Assets through the close of business on the immediately preceding Business Day.

(c) With respect to technical and maintenance Records relating to a Funded Aircraft, the Borrower agrees (and agree to cause the applicable Lessor) to provide the Collateral Agent and the Administrative Agent, promptly upon request, access to (i) while the Aircraft is under Lease, such Records of the Lessee that the Lessor is entitled itself to access under, and subject to the restrictions of, the related Lease, and (ii) in any case, such Records that the Borrower or the Lessor maintains on its own account. The Borrower agrees to maintain and update such Records consistent with the Servicer Performance Standard.

SECTION 10.4 Other Liens or Interests.

(a) Except for the security interest granted under the Security Trust Agreement, and as otherwise permitted under the Transaction Documents, the Borrower will not sell, assign or transfer (other than as permitted hereunder) or pledge to any other Person, or grant, create, incur, assume or suffer to exist any Adverse Claim (other than Permitted Liens) on any of the Borrower's assets, including without limitation, any Aircraft or other Aircraft Assets, the

Borrower Collateral or any interest therein, and the Borrower shall defend the right, title, and interest of the Collateral Agent (for the benefit of the Administrative Agent, the Funding Agents and the Lenders) in and to the Borrower Collateral against all claims of third parties claiming through or under the Borrower.

(b) Except for the security interest granted under the Security Trust Agreement, and as otherwise permitted under the Transaction Documents, the Borrower shall cause each Borrower Subsidiary not to sell, pledge, assign or transfer to any other Person, or grant, create, incur, assume or suffer to exist any Adverse Claim (other than Permitted Liens) on any of their assets, including any Aircraft or other Aircraft Assets, or any Lease, Related Security or other Borrower Collateral owned by, entered into by or related to such Borrower Subsidiary, or any interest therein. Without limiting the foregoing, the Borrower will not, and will not cause or permit any Borrower Subsidiary to, do anything to impair the rights of the Administrative Agent or the Lenders in any Aircraft or other Aircraft Assets, or any Leases, Related Security or other Borrower Collateral owned by, entered into by or related to such Borrower Subsidiary, or any interest therein other than to the extent expressly permitted under the Transaction Documents.

SECTION 10.5 Negative Pledge Clause. The Borrower shall not, and the Borrower shall not cause or permit any Borrower Subsidiary to enter into or cause, suffer or permit to exist, any agreement with any Person other than the Collateral Trustee, Administrative Agent, the Funding Agent and the Lenders pursuant to this Agreement or any other Transaction Documents which prohibits or limits the ability of the Borrower or any Borrower Subsidiary to create, incur, assume or suffer to exist any Adverse Claim upon any of its property, assets or revenues, whether now owned or hereafter acquired.

SECTION 10.6 Maintain Properties. The Borrower shall (i) with respect to each Aircraft that is subject to a Lease, but in any case subject to all applicable legal and contractual restraints on performing such obligation including such Lease (and subject to the cooperation of the applicable Lessee, which the Borrower agrees to direct the Servicer to pursue, consistent with the Servicer Standard of Performance), cause, directly or indirectly, through any Borrower Subsidiary, such Aircraft to be maintained in a state of repair and condition consistent with Leasing Company Practice with respect to similar aircraft under lease, taking into consideration, among other

things, the age and condition of the Aircraft and the jurisdiction in which such Aircraft will be operated or registered under any Lease, and (ii) with respect to each Aircraft that is not subject to a Lease, maintain, and cause each Borrower Subsidiary to maintain, such Aircraft in a state of repair and condition consistent with Leasing Company Practice with respect to aircraft not under lease. The Borrower shall and shall cause each Borrower Subsidiary to maintain all other properties (*i.e.*, other than Funded Aircraft) necessary to its operations in good working order and condition, make all needed repairs, replacements and renewals to such properties, and maintain free from Adverse Claims all trademarks, trade names, patents, copyrights, trade secrets, know-how, and other intellectual property and proprietary information (or adequate licenses thereto), in each case as are reasonably necessary to conduct its business as currently conducted or as contemplated hereby, all in accordance with customary and prudent business practices.

SECTION 10.7 Ownership, Operation and Leasing of Funded Aircraft. The Borrower shall not, and shall not permit any Borrower Subsidiary to:

(a) Other than in connection with a sale, transfer or other disposition permitted under Section 10.8, permit any Person other than the applicable Aircraft Owning Entity (or an Owner Participant as the Owner of all of the beneficial interest in an Owner Trust) to own beneficially or of record any Aircraft (except to the extent required by applicable law);

(b) Enforce any Lease with respect to any Aircraft in a manner other than the manner in which the Servicer is required to enforce such Lease under the Servicing Agreement;

(c) Enter into a Lease with respect to an Aircraft after the Initial Advance Date unless such Lease is an Eligible Lease and, while Critical Mass exists, such action does not constitute a Lessee Limitation Event; and

(d) Enter into a Future Lease with a Lessee that is domiciled in or organized under the laws of a country that is not, at the time of entry into such Future Lease, either (i) on the Approved Country List, (ii) a country as to which the Borrower shall have procured the Required Coverage Amount (with such Required Coverage Amount being determined after giving effect to the origination of such Future Lease), or (iii) unless the Borrower shall have first given the Administrative Agent at least ten (10) Business Days' written notice of its intent to enter into such Lease. Following such written notice, and before the Borrower may enter into such Lease, the Administrative Agent shall have up to ten (10) Business Days to determine whether it will request an additional legal opinion of the type it would be able to request, under Section 7.2(e)(vii)(C) hereof, if an Aircraft leased to such Lessee were to be the subject of an Additional Advance Request as a proposed Additionally Financed Aircraft hereunder. If the Administrative Agent makes such a request prior to the end of such ten Business Day period, the Borrower may not enter into such Lease until it has first delivered such a legal opinion to the Administrative Agent. If the Administrative Agent notifies the Borrower during such ten Business Day period that it is not requesting delivery of such a legal opinion, or if the Administrative Agent fails to notify the Borrower of its intent by the end of such ten Business Day period, then the Borrower may proceed to enter into such Lease (subject to any other applicable conditions or requirements herein or in any other Credit Document). It is understood that the foregoing provisions and conditions concerning a request for an additional legal opinion shall only apply to proposed or incipient Future Leases with a Lessee not currently the Lessee of the applicable Funded Aircraft, *i.e.*, such provisions and conditions shall not apply to Future Leases that are renewals or extensions of a Lease of the applicable Funded Aircraft with its existing Lessee.

SECTION 10.8 Limitation on Disposition of Aircraft. Without the prior written consent of the Administrative Agent, which such consent shall be granted or withheld in the sole and absolute discretion of the Administrative Agent, the Borrower shall not sell, transfer or otherwise dispose of any Aircraft or any Equity Interest in any Borrower Subsidiary, including, without limitation, in connection with an ABS Transaction, or allow any Borrower Subsidiary to sell,

transfer or otherwise dispose of any Aircraft or any Equity Interest in any Borrower Subsidiary, including, without limitation, in connection with an ABS Transaction, except (x) in connection with transfers wholly among the Borrower Group Members, (y) pursuant to a Qualifying Purchase Option, or (z) pursuant to any such other sale, transfer or other disposition in which the following conditions are satisfied:

(a) such sale, transfer or other disposition is not structured as a sale and leaseback transaction;

(b) the price for such sale, transfer or other disposition (net of closing costs, broker fees and other related expenses, and net of Tax liabilities payable by the Borrower or any Borrower Subsidiary attributable to such sale, transfer or disposition) equals or exceeds an amount equal to the Allocable Advance Amount with respect to the related Aircraft as of the date of such sale, transfer or other disposition (if the date of such sale, transfer or other disposition is a Payment Date) or as of the immediately preceding Payment Date (if the date of such sale, transfer or other disposition is not a Payment Date);

(c) such sale, transfer or other disposition (i) does not constitute an Aircraft Limitation Event or a Lessee Limitation Event, and (ii) does not have as its immediate effect causing Critical Mass to no longer exist, and (iii) occurs at a time when Critical Mass exists, and (iv) does not have as its immediate effect, that after giving effect to such sale, transfer or other disposition, that more than 10% (measured by Adjusted Borrowing Value) of all Aircraft in the Borrower's Portfolio will be Off-Lease; provided, that during the Amortization Period, such sale, transfer or other disposition may occur even if any of the foregoing conditions in clause (i), (ii) or (iii) is not met, so long as the price for such sale, transfer or other disposition (net of

closing costs, broker fees and other related expenses, and net of Tax liabilities payable by the Borrower or any Borrower Subsidiary attributable to such sale, transfer or disposition) equals or exceeds an amount equal to, at least 125% of the Allocable Advance Amount with respect to the affected Aircraft as of the date of such sale, transfer or other disposition (if the date of such sale, transfer or other disposition is a Payment Date) or as of the immediately preceding Payment Date (if the date of such sale, transfer or other disposition is not a Payment Date), and provided further, that during either the Amortization Period or the period prior to the Amortization Period, such sale, transfer or other disposition may occur even if any of the foregoing conditions in clause (i), (ii) or (iii) is not met, so long as (A) such sale is occurring in connection with an ABS Transaction entered into for the purpose of refinancing a substantial portion of the Funded Aircraft, and (B) after giving effect to the sale, no Borrowing Base Deficiency will then exist;

(d) no Event of Default or Early Amortization Event shall have occurred at or prior to the time of, or shall occur as a result of, such sale, transfer or other disposition;

(e) after giving effect to such sale, transfer or other disposition, and if the date of such sale, transfer or other disposition is a Payment Date, after giving effect to the distribution of funds under the Flow of Funds on such Payment Date, or if not, then after

giving effect to the distribution of funds under the Flow of Funds on the next Payment Date, no Borrowing Base Deficiency will exist; and

(f) the board of directors of the Borrower shall have authorized the sale, transfer or other disposition.

The Borrower shall deposit, and shall cause the Borrower Subsidiaries to immediately deposit, in each case with written notice to the Collateral Agent, the proceeds of any such sale, transfer or other disposition, including, without limitation any such sale, transfer or other disposition of any Aircraft or any Equity Interests in any Borrower Subsidiary in connection with any ABS Transaction, into the Collection Account for application thereof (i) on the date of such deposit (in the case of the proceeds of an ABS Transaction or any significant sale, transfer or other disposition designated as such by the Administrative Agent) in the order of priority set forth in the Flow of Funds hereof with such holdbacks with respect to applications of funds (other than applications to the repayment of Advances) as the Administrative Agent deems desirable and (ii) on the next succeeding Payment Date (in any case other than the case of the proceeds of an ABS Transaction or any significant sale, transfer or other disposition designated as such by the Administrative Agent) in accordance with the Flow of Funds. On the date of any such sale, transfer or other disposition, the Borrower shall deliver to the Administrative Agent, amended and restated copies of Schedule I, Schedule II, and Schedule III hereto containing information that is correct after giving effect to such sale, transfer or other disposition.

In addition, and notwithstanding any provision of the Servicing Agreement, the Borrower agrees that it shall (1) cause each Borrower Subsidiary to only sell, transfer or otherwise dispose of, directly or indirectly, (a) any engine or part relating to an Aircraft (i) on the date that such Aircraft is sold, transferred or otherwise disposed of, or (ii) in connection with the replacement of such engine or part, and (b) an Aircraft to the extent permitted under the related Lease or any other Transaction Document, and (2) provide prior written notification of the sale, transfer or disposition of any Aircraft to the Administrative Agent.

Notwithstanding the foregoing, an Aircraft that has suffered an Event of Loss may be disposed of at the direction of an insurer that provided insurance covering such Event of Loss and has paid into the Collection Account all insurance proceeds to which the Collateral Agent, the Borrower and/or the applicable Borrower Subsidiary are entitled to receive in connection with such Event of Loss.

The provisions of this Section 10.8 shall not apply to or prohibit any repurchase or purchase in accordance with the remedial provisions of the AerCap-Borrower Purchase Agreement.

SECTION 10.9 Extension, Amendment or Replacement of Leases.

(a) Except as provided by this Section 10.9 (and in any case subject to the limitations of Section 10.7), the Borrower shall not allow any Borrower Subsidiary to transfer, assign, extend, amend, replace, or waive any term of, or otherwise modify any Lease, in any way that may cause such Lease to no longer constitute an Eligible Lease, or that would have a material adverse effect on the validity, perfection or priority of the security interest of the Collateral Agent therein.

(b) Upon the termination of any Lease with respect to any Aircraft, the Borrower shall cause the applicable Borrower Subsidiary to use its reasonable commercial efforts to renew such Lease or lease such Aircraft to another Eligible Carrier pursuant to an Eligible Lease and otherwise in compliance with the terms of the Servicing Agreement. No such renewal or additional Lease shall be permitted if it would constitute a Lessee Limitation Event.

(c) Upon execution of any renewal or replacement Lease, the Borrower or the applicable Borrower Subsidiary shall deliver:

(i) to the Collateral Agent, and only if the Lease is with a Lessor organized under the laws of a State (or the District of Columbia) within the United States within the meaning of Article 9 of the UCC, the Chattel Paper Original of such renewal or replacement Lease;

(ii) to the Collateral Agent, a Notice and Acknowledgment with respect to such Lease;

(iii) to the Collateral Agent and the Administrative Agent, certificates of insurance from qualified brokers of aircraft insurance or other evidence satisfactory to the Administrative Agent, evidencing all insurance required to be maintained by the applicable Obligor together with endorsements naming (i) the Collateral Agent, for the benefit of the Administrative Agent and the Lenders, as a "contract party" and listing the relevant Transaction Documents as "contracts" for purposes of certificates incorporating Lloyd's AVN67B endorsements or similar language or as "loss payee" or as an "additional insured", if applicable and (ii) each of the Borrower, the Borrower Subsidiary that is the owner, or lessor, of such Aircraft, the Collateral Agent and the Administrative Agent, on behalf of the Lenders, as an additional insured;

(iv) to the Administrative Agent, promptly and in any case within 15 days, a copy of such Lease, and an amended and restated Schedule III hereto incorporating all information required under such schedule with respect to such renewed or replacement Lease; and

(v) to the Collateral Agent, with respect to any renewal or replacement Lease, copies of such legal opinions with regard to compliance with the registration requirements of the relevant jurisdiction, enforceability of such Lease and such other matters customary for such transactions to the extent that receiving such legal opinions is consistent with Leasing Company Practice.

(d) The Borrower shall, and shall cause each applicable Borrower Subsidiary to, in each case, whether directly or through the Servicer, commence the negotiation of any commitment for an Eligible Lease or Leases in a manner consistent with the practices employed by the Servicer with respect to its aircraft operating leasing services business generally and in accordance with the terms of the Servicing Agreement.

SECTION 10.10 Acquisitions of Aircraft. The Borrower shall not acquire, and shall not cause or permit any Borrower Subsidiary to acquire any aircraft other than (i) an Aircraft, or (ii) from another Borrower Subsidiary in connection with an ABS Transaction.

SECTION 10.11 Servicing Agreement.

(a) No Modifications. The Borrower shall not amend, terminate, restate, supplement or otherwise modify any Service Provider Agreement in any respect without the consent of the Administrative Agent, provided, that with respect to any amendment, supplement or modification to be entered into for the purposes of adding additional terms and conditions to any Service Provider Agreement or in order to comply with applicable law, such consent may not be unreasonably withheld or delayed.

(b) Service Provider Agreements. The Borrower shall take all actions as are necessary to be in compliance with the Service Provider Agreements and to cause the applicable Service Provider to be in compliance with the applicable Service Provider Agreement to which it is party.

(c) Fees. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary to, pay any management or other fee to AerCap or any Affiliate thereof other than payment of Service Provider Fees to the extent contemplated by this Agreement and the Service Provider Agreements.

(d) Breaches. The Borrower shall not commit or permit any material breach of any Service Provider Agreement.

SECTION 10.12 Representations Regarding Operation. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary to represent or hold out, or permit any Applicable Carrier or Owner Trustee to represent or hold out, the Collateral Agent, the Administrative Agent, any Funding Agent or any Lender as (i) the owner or lessor of any Aircraft, (ii) carrying goods or passengers on any Aircraft, or (iii) being in any way responsible for any operation of carriage (whether for hire or reward or gratuitously) with respect to any Aircraft.

SECTION 10.13 Costs and Expenses. The Borrower shall pay all of its and its Subsidiaries' reasonable costs and disbursements in connection with the performance of its obligations hereunder and under the Transaction Documents.

SECTION 10.14 Compliance with Laws, Etc. The Borrower will, and the Borrower will cause each Borrower Subsidiary to, comply in all material respects with all Requirements of Law (including, without limitation, any Environmental Law), rules, regulations and orders and preserve and maintain its corporate existence, rights, franchises, qualifications, and privileges except to the extent that the failure so to comply with such laws, rules and regulations or the failure so to preserve and maintain such existence, rights, franchises, qualifications, and privileges would not materially adversely affect the Borrower Collateral, the collectibility of the Leases or the ability of the Borrower, any Service Provider or such Borrower Subsidiary to perform its obligations under the Transaction Documents.

Without limiting the foregoing, the Borrower shall, and shall cause the Aircraft Owning Entities and Owner Participants to, obtain all material governmental (including regulatory) registrations, certificates, licenses, permits and authorizations required for the use and operation of the Aircraft Owned by it, including, without limitation, a current certificate of airworthiness for each Aircraft (issued by

the applicable aviation authority and in the appropriate category for the nature of operations of such Aircraft), except that (A) no certificate of airworthiness will be required for any Aircraft (x) during any period when such Aircraft is undergoing maintenance, modification or repair, or (y) following the withdrawal or suspension by such applicable aviation authority of certificates of airworthiness in respect of all aircraft of the same model or period of manufacture as such Aircraft (in which case the Borrower and any applicable Borrower Subsidiary will comply, and cause each of its subsidiaries to comply, with all directions of such applicable aviation authority in connection with such withdrawal or suspension), or (z) with respect to a Lessee in any individual case, so long as the Servicer is enforcing, in accordance with the Servicer Standard of Performance, the applicable provisions of the Lease requiring the Lessee to cure such lapse and obtain a reinstatement of the applicable lapsed certificate of airworthiness, (B) no registrations, certificates, licenses, permits or authorizations required for the use or operation of any Aircraft need be obtained with respect to any period when such Aircraft is not being operated and (C) no such registrations, certificates, licenses, permits or authorizations will be required to be maintained for any Aircraft that is not the subject of a Lease, except to the extent required under Requirements of Law.

Notwithstanding the foregoing, no breach of this Section 10.14 shall be deemed to have occurred by virtue of any act or omission of a lessee or sub-lessee, or of any Person which has possession of the Aircraft or any engine for the purpose of repairs, maintenance, modification or storage, or by virtue of any requisition, seizure, or confiscation of the Aircraft (other than seizure or confiscation arising from a breach by the Borrower or a Borrower Subsidiary of this Section 10.14) (each, a "Third Party Event"); provided, that (i) neither the Borrower nor any Borrower Subsidiary consents or has consented to such Third Party Event; and (ii) the Borrower or Borrower Subsidiary which is the lessor or owner (or beneficial owner) of such Aircraft promptly and diligently takes such commercially reasonable actions as a leading international aircraft operating lessor would reasonably take in respect of such Third Party Event, including, as deemed appropriate (taking into account, inter alia, the laws of the jurisdictions in which the Aircraft are located), seeking to compel any applicable Obligor or any other relevant Person to remedy such Third Party Event or seeking to repossess the relevant Aircraft or engine.

SECTION 10.15 Environmental Compliance. If the Borrower or any of the Borrower Subsidiaries shall receive any letter, notice, complaint, order, directive, claim or citation alleging that the Borrower, any Service Provider or any of the Borrower Subsidiaries has violated any Environmental Law, has released any Hazardous Material, or is liable for the costs of cleaning up, removing, remediating or responding to a release of Hazardous Materials, the Borrower shall, and shall cause any such Borrower Subsidiary to, within the time period permitted and to the extent required by the applicable Environmental Law or the Government Entity responsible for enforcing such Environmental Law, remove or remedy such violation or release or satisfy such liability.

SECTION 10.16 Employee Benefit Plans; Employees. None of the Borrower or any Borrower Subsidiary shall have (i) any Employee Benefit Plan, any Multiemployer Plan or any Pension Plan, or any obligation to fund any such plan, or (ii) any employees other than as required by any provisions of local law, provided that trustees and directors shall not be deemed to be employees for purposes of this covenant.

SECTION 10.17 Change in Business. The Borrower will not, nor will it permit or cause any of the Borrower Subsidiaries to, alter its policies and procedures relating to the operation of its aircraft leasing business in a manner which would materially adversely affect the collectibility of a substantial portion of the Leases or the ability of the Borrower to perform its obligations under this Agreement or any Transaction Document, without the prior written consent of the Administrative Agent.

SECTION 10.18 Notice of Adverse Claim or Loss. The Borrower shall notify the Lenders, the Collateral Agent, the Administrative Agent and each Funding Agent promptly, in writing and in reasonable detail, (i) of any Adverse Claim known to it made or asserted against any of the Borrower Collateral (other than Permitted Liens), (ii) of the occurrence of any event (other than a change in general market conditions) which would have a material adverse effect on the assignments and security interests granted by the Borrower or AerCap under any Transaction Document, and (iii) as soon as the Borrower or any Borrower Subsidiary becomes aware, of any loss, theft, damage, or destruction to any Aircraft if the potential cost of repair or replacement of such asset (without regard to any insurance claim related thereto) may exceed $5,000,000.

SECTION 10.19 Reporting Requirements.

(a) The Borrower (through itself or any applicable Service Provider) shall furnish, or cause to be furnished, to the Administrative Agent and each Funding Agent (in multiple copies, if requested by the Administrative Agent or any Funding Agent), and, in the case of clauses (i) and (vi) below, to the Collateral Agent:

(i) on each Determination Date, a certificate in substantially the form of Exhibit H to the Administrative Agent (the "Monthly Report");

(ii) as soon as available and in any event within 120 days after the end of each Fiscal Year, a copy of the audited consolidated financial statements, prepared in accordance with GAAP, for such year of each of the AerCap Group and the Borrower and their respective consolidated Subsidiaries, certified by any firm of nationally recognized independent certified public accountants acceptable to the Administrative Agent, accompanied by a certificate of the officer in charge of financial matters of AerCap B.V., confirming that AerCap Group is in compliance with the net worth requirement in Section 12.1(f) hereof;

(iii) as soon as available and in any event within 75 days after the end of each of the first three quarters of each Fiscal Year, with respect to (x) the AerCap Group and (y) the Borrower and its consolidated Subsidiaries, unaudited consolidated balance sheets as of the end of such quarter and as at the end of the previous Fiscal Year,

and consolidated statements of income for such quarter and for the period commencing at the end of the previous Fiscal Year and ending with the end of such quarter prepared in accordance with GAAP, certified by the officer in charge of financial matters of the AerCap Group or the Borrower, as applicable, identifying such balance sheets or statements as being the balance sheets or statements of such Person described in this paragraph (iii) and stating that the information set forth therein fairly presents the financial condition of the AerCap Group or the Borrower, as applicable, and its consolidated Subsidiaries as of and for the periods then ended, subject to year-end adjustments consisting only of normal, recurring accruals and omissions of footnotes and subject to the auditors' year end report, and accompanied by a certificate of the officer in charge of financial matters of AerCap B.V. confirming that AerCap Group is in compliance with the net worth requirements in Section 12.1(f) hereof;

(iv) promptly after receipt thereof, a copy of any "management letter" received by the Borrower from its certified public accountants and the management's response thereto;

(v) on every third Determination Date following the Closing Date, the Borrower shall deliver or cause to be delivered a Quarterly Report to the Administrative Agent and each Funding Agent;

(vi) as soon as possible and in any event within five (5) days after the occurrence of a Default, an Event of Default, a Servicer Termination Event, an Early Amortization Event, an event that would constitute a Servicer Termination Event or Early Amortization Event but for the passage of time or the giving of notice or both, a written statement of an officer in charge of financial matters of the Borrower setting forth complete details of such Default, Event of Default, Servicer Termination Event, Early Amortization Event or any such other event, and the action, if any, which the Borrower has taken, is taking and proposes to take with respect thereto;

(vii) promptly after the Borrower obtains knowledge thereof, notice of any default under the AerCap-Borrower Purchase Agreement or any Borrower Acquisition Document;

(viii) promptly after receipt thereof, copies of all formal notices (other than an inconsequential notices) received by the Borrower or the Servicer from the seller under the AerCap-Borrower Purchase Agreement;

(ix) promptly, from time to time, such other information, documents, Records or reports respecting the Aircraft, the Leases, the Equity Interests of the Borrower Subsidiaries, the Related Security or the condition or operations, financial or otherwise, of the Borrower, the Borrower Subsidiaries or any of their respective Subsidiaries which the Collateral Agent, the Administrative Agent or any Funding Agent may, from time to time, reasonably request; and

(x) prompt written notice of the issuance by any court or governmental agency or authority of any injunction, order, decision or other restraint prohibiting, or

having the effect of prohibiting, the making of the Advances hereunder, or invalidating, or having the effect of invalidating, any provision of this Agreement, or any other Transaction Document, or the initiation of any litigation or similar proceeding seeking any such injunction, order, decision or other restraint, in each case, of which it has knowledge.

(b) The Borrower shall provide each Service Provider with any and all information reasonably necessary or appropriate for such Service Provider in connection with its duties hereunder and under the applicable Service Provider Agreements.

(c) The Administrative Agent, the Funding Agents and the Lenders are hereby authorized to deliver a copy of any such financial or other information delivered hereunder to the Lenders (or any affiliate of any Lender) or to the Administrative Agent or any Funding Agent, to any Government Entity having jurisdiction over any such Person pursuant to any written request therefor or in the ordinary course of examination of loan files, to any rating agency in connection with their respective ratings of commercial paper issued by any Lender or to any other Person who shall acquire or consider the assignment of, or acquisition of any participation interest in, any Obligation permitted by this Agreement; provided, that such Person agrees in writing to the confidentiality provisions set forth in Section 17.15.

SECTION 10.20 Corporate Separateness.

(a) The Borrower shall at all times maintain independent directors (which must constitute a majority of all directors), each of which (i) does not have any direct financial interest or any material indirect financial interest in AerCap, the Borrower, or in any Affiliate of the Borrower, (ii) is not, and has not been, connected with AerCap, the Borrower, or any Affiliate of the Borrower as an officer, employee, promoter, underwriter, trustee, partner or Person performing similar functions and is not a member of the immediate family of any such person and (iii) is not, and has not been, a director, member or a trustee (other than as an independent director, member or trustee for an Affiliate which is a special purpose entity) or stockholder of AerCap, the Borrower, or any Affiliate of the Borrower and is not a member of the immediate family of any such person. The Borrower shall cause each Borrower Subsidiary (other than an Owner Trust) to at all times maintain independent directors, members or trustees (which must constitute a majority of all such positions), as applicable, each of which (i) does not have any direct financial interest or any material indirect financial interest in AerCap, the Borrower, or any Affiliate of the Borrower, (ii) is not, and has not been, connected with AerCap, the Borrower, or any Affiliate of the Borrower as an officer, employee, promoter, underwriter, trustee, partner or Person performing similar functions and is not a member of the immediate family of any such person and (iii) is not, and has not been, a director, member or a trustee (other than as an independent director, member or trustee for an Affiliate which is a special purpose entity) or stockholder of AerCap, the Borrower, or any Affiliate of the Borrower and is not a member of the immediate family of any such person.

(b) The Borrower shall not direct or participate in the management of any other Person's operations other than in its capacity as owner of Equity Interests in the Borrower Subsidiaries, and (except to the extent permitted under the Service Provider Agreements) no other Person, other than the officers, trustees and owner of the Borrower, shall be permitted to direct or

participate in the management of the Borrower. The Borrower shall cause each Borrower Subsidiary to (i) not direct or participate in the management of any other Person's operations other than in its capacity as owner of Equity Interests in any other Borrower Subsidiaries and (ii) (except to the extent permitted under the Service Provider Agreements) prevent any other Person, other than the officers, trustees and owners of such Borrower Subsidiary, from directing or participating in the management of such Borrower.

(c) [Reserved]

(d) The Borrower shall limit its business and activities to (i) the acquisition and ownership of the Borrower Subsidiaries and/or Aircraft, (ii) the sale of the Borrower Subsidiaries and/or Aircraft as and when permitted hereunder, (iii) entering into and performing under the Transaction Documents, (iv) entering into and performing under the documents relating to, and taking other actions related to, any ABS Transaction or Lease, and (v) business incidental to such activities. The Borrower will be permitted to guarantee the obligations under Leases of the Aircraft Owning Entities and the Applicable Intermediaries. The Borrower shall cause each Borrower Subsidiary to limit its business and activities to (i) the acquisition and ownership (or beneficial ownership) and lease of the Aircraft and/or the ownership of other Borrower Subsidiaries, (ii) the sale of the Aircraft as and when permitted hereunder, (iii) entering into and performing under the Transaction Documents, (iv) entering into and performing under the documents relating to, and taking other actions related to, any ABS Transaction or Lease, and (v) business incidental to such activities.

(e) The Borrower shall have stationery and other business forms separate from that of any other Person. The Borrower shall cause each Borrower Subsidiary to have stationery and other business forms separate from that of any other Person.

(f) The Borrower shall ensure that, to the extent that it, or any Borrower Subsidiary, jointly contracts with any of its equity holders or Affiliates to do business with vendors or service providers or to share overhead expenses, the costs incurred in so doing shall be allocated fairly among such entities and that each such entity shall bear its fair share of such costs and shall ensure that, to the extent that the Borrower, or any Borrower Subsidiary, contracts or does business with vendors or service providers where the goods and services provided are partially for the benefit of any other Person, the costs incurred in so doing shall be fairly allocated to or among such entities for whose benefit the goods and services are provided and that each such entity shall bear its fair share of such costs.

(g) The Borrower shall at all times provide for its own operating expenses and liabilities from its own funds, shall not allow its funds to be diverted to any other Person or for any use other than the use of the Borrower and any Borrower Subsidiary, and shall not, except as may be expressly permitted by the Transaction Documents, allow its funds to be commingled with those of any other Person other than any Borrower Subsidiary. The Borrower shall cause each Borrower Subsidiary to at all times provide for its own operating expenses and liabilities from its own funds, not allow its funds to be diverted to any other Person or for other than the corporate use of such Borrower Subsidiary, and shall not, except as may be expressly permitted by the Transaction Documents, allow its funds to be commingled with those of any other Person, other than with the Borrower and any other Borrower Subsidiary.

(h) The Borrower shall maintain its assets and transactions separately from those of any other Person, and evidence such assets and transactions by appropriate entries in books and records separate and distinct from those of any other Person. The Borrower shall cause each Borrower Subsidiary to maintain its assets and transactions separately from those of any other Person and evidence such assets and transactions by appropriate entries in books and records separate and distinct from those of any other Person.

(i) The Borrower shall ensure that all transactions between the Borrower and any of its Affiliates shall be only on an arm's-length basis. The Borrower shall cause each Borrower Subsidiary to ensure that all transactions between such Borrower Subsidiary and any of its Affiliates shall be only on an arm's-length basis.

(j) The Borrower shall hold itself out to the public under its own name as a legal entity separate and distinct from any other Person, shall act solely in its own name and through its own authorized officers and agents, and no Affiliate of the Borrower shall be appointed to act as agent by the Borrower, except as may be expressly permitted by any agreements of the Borrower.

(k) The Borrower shall not hold itself out as having agreed to pay, or as being liable, primarily or secondarily, for any obligations of any other Person other than it may guaranty the obligations of a Borrower Subsidiary. The Borrower shall cause each Borrower Subsidiary to not hold itself out as having agreed to pay, or as being liable, primarily or secondarily, for any obligations of any other Person, except as contemplated by the Transaction Documents.

(l) Except as provided herein, the Borrower shall not maintain, or allow any Borrower Subsidiary to maintain, any joint account with any other Person.

(m) The Borrower shall not make any payment or distribution of assets with respect to any obligation of any other Person, except the Borrower Subsidiaries, or grant any Lien on any of its assets to secure any obligation of any other Person. The Borrower shall not allow any Borrower Subsidiary to make any payment or distribution of assets with respect to any obligation of any other Person or grant

any Lien on any of its assets to secure any obligation of any other Person other than the Obligations of the Borrower.

(n) The Borrower shall not make loans, advances or otherwise extend credit to any other Person (provided that the Borrower may guaranty obligations of its Subsidiaries), except on an arm's-length basis, and shall not permit any Affiliate of the Borrower to advance funds to the Borrower or otherwise supply funds to, or guaranty debts of, the Borrower (except Servicer Advances and advances under the AerCap Liquidity Facility to fund Approved Asset Improvements, and advances under the AerCap Sub Notes). The Borrower shall not allow any Borrower Subsidiary to make loans, advances or otherwise extend credit to any other Person, except on an arm's-length basis, and shall not permit any Affiliate of such Borrower Subsidiary, other than the Borrower, to advance funds to such Borrower Subsidiary or otherwise supply funds to, or guaranty debts of, such Borrower Subsidiary.

(o) The Borrower shall hold regular duly noticed meetings of the holders of its Equity Interests, no less than once annually, and make and retain minutes of such meetings. The

Borrower shall cause each Borrower Subsidiary to hold regular duly noticed meetings of the holders of its Equity Interests, no less than once annually, and make and retain minutes of such meetings.

(p) The Borrower shall file its own tax returns or, if it is a member of a consolidated group, will join in the consolidated return of such group as a separate member thereof and shall ensure that any financial reports required of the Borrower shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any of its Affiliates. The Borrower shall cause each Borrower Subsidiary to file its own tax returns or, if such Borrower Subsidiary is a member of a consolidated group, will join in the consolidated return of such group as a separate member thereof and shall ensure that any financial reports required of such Borrower Subsidiary shall comply with GAAP and shall be issued separately from, but may be consolidated with, any reports prepared for any of its Affiliates.

(q) The Borrower shall maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person. The Borrower shall cause each Borrower Subsidiary to maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any other Person.

(r) The Borrower shall comply with and exercise its rights under all provisions of the Operating Documents and Organizational Documents. The Borrower shall cause each Borrower Subsidiary to comply with all provisions of its Operating Documents and Organizational Documents.

SECTION 10.21 Purchase Agreement. The Borrower will not amend, waive or modify any provision of the AerCap-Borrower Purchase Agreement (other than any such amendment, waiver or modification which shall not affect, directly or indirectly, the rights, benefits and privileges of the Borrower or any Lender thereunder or the obligations and duties of AerCap thereunder) or waive the occurrence of any default under the AerCap-Borrower Purchase Agreement, without in each case the prior written consent of the Administrative Agent. The Borrower will perform all of its obligations under the AerCap-Borrower Purchase Agreement in all respects and will enforce all of its rights under the AerCap-Borrower Purchase Agreement (including without limitation, its rights to require a repurchase thereunder pursuant to Article 4.5 thereof), in accordance with its terms in all respects.

SECTION 10.22 Limitation on Certain Restrictions on Borrower Subsidiaries. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary to, directly or indirectly, create or otherwise cause or suffer to exist or become effective any encumbrance or restriction on the ability of any Borrower Subsidiary to (i) pay dividends or make any other distributions on its Equity Interests owned by the Borrower or any other Borrower Subsidiary or pay any Indebtedness owed to the Borrower or any other Borrower Subsidiary, (ii) make loans or advances to the Borrower or any other Borrower Subsidiary or (iii) transfer any of its properties to the Borrower or any other Borrower Subsidiary, except for such encumbrances or restrictions existing under or by reason of (x) a Requirement of Law, (y) this Agreement or any other Transaction Documents or (z) any Lease or any agreement regarding the sale of an Aircraft or a Borrower Subsidiary to be made in compliance with Section 10.8 hereof.

SECTION 10.23 Mergers, Etc. Other than to the extent permitted by Section 10.8 hereof, the Borrower will not, and shall not cause or permit any Borrower Subsidiary to, merge with or into or consolidate with or into, or 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, or acquire all or substantially all of the assets or capital stock or other ownership interest of, or enter into any joint venture or partnership agreement with, any Person.

SECTION 10.24 Distributions, Etc. The Borrower will not declare or make any dividend payment or other distribution of assets, properties, cash, rights, obligations or securities on account of any Equity Interests of the Borrower, or return any capital to its equity holders as such, or purchase, retire, defease, redeem or otherwise acquire for value or make any payment in respect of any of the Equity Interests of the Borrower or any warrants, rights or options to acquire any such Equity Interests, now or hereafter outstanding; provided, however, that the Borrower may declare and pay cash or other dividends on its Equity Interests to its equity holders from funds distributed to the Borrower pursuant to the Flow of Funds so long as (a) no Event of Default shall then exist or would occur as a result thereof, (b) such dividends are in compliance with all applicable law, and (c) such dividends have been approved by all necessary and appropriate entity action of the Borrower.

SECTION 10.25 Subsidiaries; Investments. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary to, own, create or permit to exist any Subsidiary (except for Borrower Subsidiaries in existence as of the Initial Advance Date or Applicable Intermediaries created after the Initial Advance Date provided that (i) such Applicable Intermediaries comply with all representations, warranties and covenants hereunder regarding Borrower Subsidiaries and (ii) the beneficial interests in such Applicable Intermediaries have been pledged under the Security Trust Agreement), or otherwise purchase, own, invest in or otherwise acquire, directly or indirectly, any stock or other securities, or make or permit to exist any interest whatsoever in any other Person or permit to exist any loans or advances to any Person (other than Permitted Investments), other than loans to the Borrower or any Borrower Subsidiary.

SECTION 10.26 Guarantees. The Borrower shall not, and shall cause each Borrower Subsidiary not to, make, issue, or become liable on any Contingent Liabilities, except (a) the Security Trust Agreement and the other Transaction Documents, (b) guarantees of the Indebtedness allowed under Section 10.27, (c) endorsement in the ordinary course of business of negotiable instruments for deposit or collection and (d) in the case of the Borrower, guarantees of the obligations of Aircraft Owning Entities and Applicable Intermediaries.

SECTION 10.27 Indebtedness. The Borrower shall not, and shall cause each Borrower Subsidiary not to, incur or maintain any Indebtedness, other than the (a) the Obligations, (b) Indebtedness permitted under Section 10.25, (c) Indebtedness among Borrower Group Members, (d) accounts payable in the ordinary course of business so long as the payment therefor is due within one year, and (e) Indebtedness to any member of the AerCap Group for the purpose of funding the acquisition of Aircraft or Aircraft Owning Entities or Approved Asset Improvements.

SECTION 10.28 Organizational Documents. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary to, modify, amend, or alter any of its Organizational Documents or its Operating Documents without the prior written consent of the Administrative Agent.

SECTION 10.29 Audits; Inspections. Until the date on which all Obligations are paid in full, and in any case not more frequently than four (4) times per calendar year (unless an Event of Default shall have occurred), each of the Borrower and the Servicer will, and the Borrower will cause the Borrower Subsidiaries to, at their respective expense from time to time during regular business hours as requested by the Administrative Agent, permit such Person or its agents or representatives (which shall not include independent public accountants) (i) subject to any limitations in a Lease, to conduct periodic inspections of the Aircraft, the Leases, the Related Security, the other Aircraft Assets and the related books and records and collections systems of the Borrower, the Servicer and any Borrower Subsidiary, as the case may be, (ii) to examine and make copies of and abstracts from all books, records and documents (including, without limitation, computer tapes and disks) in the possession or under the control of the Borrower, the Servicer and any Borrower Subsidiary, as the case may be, relating to the Aircraft, the Leases, the Related Security and the other Aircraft Assets, and (iii) to visit the offices and properties of the Borrower, the Servicer and any Borrower Subsidiary, as the case may be, for the purpose of examining such materials described in clause (ii) above, and to discuss matters relating to Aircraft, the Leases, the Related Security, the other Aircraft Assets or the Borrower's, the Servicer's or any Borrower Subsidiary's performance under the Transaction Documents or under the Leases with any of the officers or employees of the Borrower, the Servicer or any Borrower Subsidiary, as the case may be, having knowledge of such matters. In addition, upon the request of the Administrative Agent, no more than once per year (with such limitation applicable only prior to the occurrence of an Event of Default), the Borrower will, at its expense (not to exceed $50,000 in any calendar year prior to the occurrence of an Event of Default, after which such expense limitation shall no longer apply), appoint an agent or representative of the Administrative Agent, including a consulting arm of an accounting firm of independent public accountants (but otherwise not an independent public accountant), or utilize the representatives or auditors of the Administrative Agent, to prepare and deliver to the Administrative Agent, a written report with respect to the Aircraft and the Leases (including, in each case, the systems, procedures and records relating thereto) on a scope and in a form reasonably requested by the Administrative Agent.

SECTION 10.30 Use of Proceeds; Margin Regulations.

(a) Use of Proceeds. The proceeds of the Advances are to be used solely: (i) to finance the purchase by the Borrower from AerCap, on a "true sale" basis, of Equity Interests in Aircraft Owning Entities and Owner Participants, pursuant to the AerCap-Borrower Purchase Agreement, which interests AerCap has acquired from the applicable Sellers pursuant to the related Aircraft Acquisition Documents (collectively, the "Borrower Acquisition"), (ii) in the case of Improvement Advances, to finance a reimbursement or otherwise in respect of Approved Asset Improvement Costs, (iii) in the case of Critical Mass Event Advances and Increased Availability Advances, to utilize availability arising under this Agreement due to Critical Mass Advance Rate Adjustments or other changes in Advance Rate Adjustments, (iv) in the case of Initial Advances,

to pay certain expenses, (v) in the case of Class B Advances, and in addition to the foregoing, to fund the Liquidity Reserve Account to the Required Liquidity Reserve Amount in connection with a related Borrower Acquisition, and (vi) in the case of Class C Advances, and in addition to the foregoing, to fund the Class C Reserve Account to the Required Liquidity Reserve Amount in connection with a related Borrower Acquisition.

(b) Margin Regulations. The Borrower shall not permit the proceeds of any Advance to be used for any purpose which entails a violation of, or is inconsistent with, Regulation T, U or X of the Board of Governors of the Federal Reserve System of the United States.

SECTION 10.31 Accounting; Irish Tax Residency. The Borrower shall not, and shall not cause or permit any Borrower Subsidiary, to (i) change its Fiscal Year, or have any fiscal year other than the Fiscal Year or (ii) make or permit any change in accounting

policies or reporting practices, without the consent of the Administrative Agent, except changes that are required by or in accordance with GAAP. In addition, the Borrower shall not take any affirmative action which would cause it to no longer be tax resident in Ireland.

SECTION 10.32 Hedging Policy; Currency Risks.

(a) The Borrower shall establish and maintain, as of and after the Closing Date, a hedging policy ("Hedging Policy") consistent with the criteria and provisions set forth on Exhibit O hereto, and with any changes in such Hedging Policy to be made subject to the provisions set forth on Exhibit O.

(b) The Borrower further covenants and agrees to implement and comply with its Hedging Policy as in effect from time to time, by entering into Eligible Hedge Agreements with Eligible Counterparties as necessary to so comply.

(c) The Borrower agrees that it will not maintain Leases payable in Euros, with respect to Leases on Aircraft that in the aggregate have an Allocable Advance Amount exceeding $50,000,000.

SECTION 10.33 [Reserved].

SECTION 10.34 Insurance.

(a) The Borrower shall maintain in full force and effect the Contingent Policy and shall maintain, and shall cause the Insurance Servicer and each Borrower Subsidiary to, maintain or cause to be maintained with respect to each Aircraft and all other Borrower Collateral all other insurance required pursuant to the Servicing Agreement.

(b) Neither the Contingent Policy, nor any policy implementing the Required Coverage Amount as described in subsection (d) below, shall be amended without the prior written consent of the Administrative Agent, which consent with respect to any amendment that does not adversely affect the coverages or other terms or protections provided by the Contingent Policy or such other policy, will not be unreasonably withheld or delayed.

(c) The Borrower shall deliver to the Administrative Agent copies of Lessee insurance certificates evidencing the insurance coverages required under the applicable Lease, to the extent not delivered at or prior to the related Additional Advance Date, as soon as available (provided that the Servicer is undertaking efforts to obtain the same from the Lessee, consistent with the Servicer Standard of Performance).

(d) The Borrower agrees that, to the extent that it shall have obtained the Required Coverage Amount in respect of a country to be included (or treated as if included) on the Approved Country List, that it will maintain such Required Coverage Amount in effect for so long as the Borrower's Portfolio has exposure to such country.

SECTION 10.35 Anti-Terrorism Law; Anti-Money Laundering. The Borrower shall not, nor shall it permit or cause any Borrower Subsidiary to:

(a) Anti-Terrorism Law. Directly or indirectly, (i) knowingly conduct any business or engage in making or receiving any contribution of funds, goods or services to or for the benefit of any person described in Section 9.22, (ii) knowingly deal in, or otherwise engage in any transaction relating to, any property or interests in property blocked pursuant to the Executive Order or any other Anti-Terrorism Law, or (iii) knowingly engage in or conspire to engage in any transaction that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in any Anti-Terrorism Law (and the Borrower, the Aircraft Owning Entities and the Owner Participants shall, and shall cause any Borrower Subsidiary to, deliver to the Lenders any certification or other evidence requested from time to time by any Lender in its reasonable discretion, confirming their compliance with this Section 10.35).

(b) Money Laundering. Cause or permit any of the funds of any of them that are used to repay the Advances to be derived from any unlawful activity with the result that the making of the Advances would be in violation of any Requirement of Law.

SECTION 10.36 Embargoed Person. The Borrower shall not, nor shall it permit or cause any Borrower Subsidiary to, cause or permit (a) any of the funds or properties of any of them that are used to repay the Advances to constitute property of, or be beneficially owned directly or indirectly by, any person subject to sanctions or trade restrictions under United States law ("Embargoed Person" or "Embargoed Persons") that is identified on (1) the "List of Specially Designated Nationals and Blocked Persons" maintained by OFAC and/or on any other similar list maintained by OFAC pursuant to any authorizing statute including, but not limited to, the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 et seq., The Trading with the Enemy Act, 50 U.S.C. App. 1 et seq., and any Executive Order or Requirement of Law promulgated thereunder, with the result that such investment (whether directly or indirectly) is prohibited by a Requirement of Law, or the Advances made by the Lenders would be in violation of a Requirement of Law, or (2) the Executive Order, any related enabling legislation or any other similar Executive Orders or (b) any Embargoed Person to have any direct or indirect interest of any nature whatsoever in any of the Borrower or any Borrower Subsidiary, with the result that such investment (whether directly or indirectly) is prohibited by a Requirement of Law or the Advances are in violation of a Requirement of Law.

Section 10.37. ANA Additional Covenants. (i) The Borrower and the Servicer shall cause Opal to cause Tateha to convey title to

the ANA Aircraft to Opal under the terms of the Tateha Sale and Conditional Repurchase Agreement on the Original Scheduled Expiry Date (as defined in the Tombo Sublease, and not giving effect to any extension thereof), and (ii) the Borrower shall not permit the term of either the Tombo Sublease or the ANA Sublease to be extended beyond such date, except that in the case of clause (i) or clause (ii) the Borrower and the Servicer shall not be so obligated if they shall have obtained the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, except that no such consent shall be required if on the Original Scheduled Expiry Date (not giving effect to any extension thereof) Tateha holds no assets other than title to the ANA Aircraft. Neither the Borrower nor any Service Provider shall, nor shall the Borrower allow any Borrower Subsidiary to, convey title to any aircraft or any other asset to Tateha on or after the date hereof.

ARTICLE XI

THE SERVICE PROVIDERS

SECTION 11.1 [Reserved]

SECTION 11.2 Service Providers Not to Resign. No Service Provider shall resign from the obligations and duties imposed on it by this Agreement or the applicable Service Provider Agreements to which it is a party, except upon a determination that, by reason of a change in legal requirements, the performance of its duties under this Agreement or the applicable Service Provider Agreements, as the case may be, would cause it to be in violation of such legal requirements in a manner which would result in a material adverse effect on such Service Provider, and the Administrative Agent does not elect to waive the obligations of the Service Provider to perform the duties which render it legally unable to act or to delegate those duties to another Person. Any such determination permitting the resignation of the Service Provider shall be evidenced by an Opinion of Counsel to such effect delivered and acceptable to the Administrative Agent. No resignation of a Service Provider shall become effective until an entity acceptable to the Administrative Agent shall have assumed the responsibilities and obligations of such Service Provider.

ARTICLE XII

SERVICE PROVIDER TERMINATION EVENTS

SECTION 12.1 Servicer Termination Event. For purposes of this Agreement, each of the following shall constitute a "Servicer Termination Event":

(a) (i) Any failure by any Service Provider to make any deposit of funds to the Security Deposit Account, the Maintenance Reserve Account, or the Collection Account required to be made by the applicable Service Provider by the later of (A) ten (10) Business Days after such deposit is required under this Agreement or any other Credit Document; or (B) if such funds were not identifiable, when received, as being a payment related to an Aircraft Owned by a

Borrower Group Member, ten (10) Business Days after the applicable Service Provider has determined that such funds were a payment related to an Aircraft Owned by a Borrower Group Member or (ii) any failure by the Servicer to (x) deliver a Quarterly Report within ten (10) Business Days after the due date thereof or (y) deliver a Monthly Report within two (2) Business Days after the due date thereof;

(b) Failure on the part of (i) the Insurance Servicer to maintain the insurance required by Section 10.34 hereof or (ii) any Service Provider, to duly to observe or perform any covenants or agreements of such Service Provider set forth in this Agreement or the applicable Service Provider Agreement (other than those described in clause (a) above), or any other Transaction Document on its part to be performed or observed and any such failure shall remain unremedied for thirty (30) days;

(c) Any representation, warranty or statement of any Service Provider made in this Agreement or the applicable Service Provider Agreement, or any certificate, report or other writing delivered pursuant hereto or thereto shall prove to be untrue or incorrect in any material and adverse respect as of the time when the same shall have been made;

(d) The Servicer shall cease to be otherwise engaged (*i.e.*, not solely due to the transactions financed hereby) in the aircraft leasing business;

(e) An Event of Bankruptcy shall have occurred with respect to any Service Provider or the Performance Guarantor;

(f) AerCap Group shall fail to maintain a consolidated net worth calculated in accordance with GAAP equal to at least $100,000,000, or any Service Provider shall cease to be a direct or indirect Subsidiary of AerCap B.V., provided, that to the extent that AerCap B.V. or its parent succeeding AerCap Holdings C.V. issues a replacement supporting obligation, equivalent in form and substance, to both the Indemnification Agreement and the Purchase Agreement Guaranty, then the aforementioned consolidated net worth test will thereafter apply to AerCap B.V. or such parent (as the case may be) itself (and its consolidated subsidiaries);

(g) the Servicer shall have been terminated (1) for cause (whether automatically or by the actions of any Person with the right to cause such termination) in its comparable capacity as a manager, servicer, administrative agent, insurance servicer, cash manager (or any similar capacity) with respect to any transaction involving both (X) a portfolio of aircraft and/or aircraft leases and (Y) Indebtedness secured by such portfolio in an amount which shall then exceed $50,000,000; or

(h) (i) The Indemnification Agreement shall, in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Supporting Party; or (ii) the Supporting Party shall, directly or indirectly, contest in writing the

effectiveness, validity, binding nature or enforceability of the Indemnification Agreement, or (iii) the Supporting Party shall default in the performance of its obligations under the Indemnification Agreement.

SECTION 12.2 Consequences of a Servicer Termination Event. If a Servicer Termination Event shall occur and be continuing, the Administrative Agent, by written notice given to any Service Provider, may terminate all of the rights and obligations of any one or more individual Service Providers, or all the Service Providers, under this Agreement and the Service Provider Agreements. On such date as is indicated in such written notice, or in a subsequent written notice given by the Administrative Agent to the applicable Service Providers, all authority, power, obligations and responsibilities of such Service Providers under this Agreement and the applicable Service Provider Agreements, automatically shall terminate and shall pass to, be vested in and become obligations and responsibilities of a successor Service Provider selected in accordance with Section 12.3; provided, however, that the successor Service Provider shall have no liability with respect to any obligation which was required to be performed by the prior Service Provider prior to the date that the successor Service Provider becomes the Service Provider or any claim of a third party based on any alleged action or inaction of the prior Service Provider. The successor Service Provider is authorized and empowered by this Agreement to execute and deliver, on behalf of the prior Service Provider, as attorney-in-fact or otherwise, any and all documents and other instruments and to do or accomplish all other acts or things necessary or appropriate to effect the purposes of such notice of termination. The prior Service Provider agrees to cooperate with the successor Service Provider in effecting the termination of the responsibilities and rights of the prior Service Provider under this Agreement and the applicable Service Provider Agreement, including, without limitation and at the prior Service Provider's expense, in the case of the removal of the Cash Manager, to transfer to the successor Service Provider for administration by it of all cash amounts that shall at the time be held by the Cash Manager in trust for the Borrower, or have been deposited by any prior Service Provider, in the Security Deposit Account, the Maintenance Reserve Account, the Liquidity Reserve Account, the Class C Reserve Account, any Non-Trustee Account and/or the Collection Account or thereafter received with respect to any Collections and the delivery to the successor Service Provider of all Records and computer data in readable form containing all information necessary to enable the successor Service Provider to perform its services under the applicable Service Provider Agreement including, with respect to the replacement of the Servicer, to service the Leases and the Aircraft and manage the interests of the Borrower, the Aircraft Owning Entities and the Owner Participants and otherwise assume the rights and obligations of the prior Service Provider under this Agreement and the applicable Service Provider Agreement; provided, however, that the prior Service Provider may retain copies of any items so delivered; and, provided further that the prior Service Provider shall not be liable for any acts, omissions or obligations of any successor Service Provider. If requested by the Administrative Agent, in the event the Servicer is replaced it shall, and if the prior Servicer fails to, the successor Servicer or the Collateral Agent may, notify the Obligors and direct them to make all payments under the Leases directly to (x) the successor Servicer (in which event the successor Servicer shall process such payments in accordance with Section 8.1), or (y) to a lockbox established by the successor Servicer at the direction of the Administrative Agent, at the prior Servicer's expense. The terminated Service Provider shall grant the Collateral Agent, the Administrative Agent, each Funding Agent and the successor Service Provider reasonable access within one (1) Business Day's notice to the terminated Service Provider's premises at the terminated Service Provider's expense.

SECTION 12.3 Appointment of Successor Service Provider; New Service Provider Agreement.

(a) On and after the time a Service Provider receives a notice of termination pursuant to Section 12.2 or Section 13.2(c), the Administrative Agent shall appoint any Eligible Service Provider as a successor Service Provider for such services, and shall have no liability to the Funding Agents, the Lenders, the Borrower, the Aircraft Owning Entities, the Owner Participants or AerCap in doing so, to be the successor in all respects to the terminated Service Provider in its capacity as service provider under this Agreement and the applicable Service Provider Agreement and the transactions set forth or provided for in this Agreement and the applicable Service Provider Agreement, and such successor Service Provider shall be subject to all the responsibilities, restrictions, duties, liabilities and termination provisions relating thereto placed on the prior applicable Service Provider by the terms and provisions of this Agreement and the applicable Service Provider Agreement; provided, however, that such successor Service Provider shall not be liable for any acts, omissions or obligations of the applicable Service Provider prior to such succession or for any breach by such prior Service Provider of any of its representations and warranties contained in this Agreement or the applicable Service Provider Agreement or in any related document or agreement. Such successor shall take such action, consistent with this Agreement, and the applicable Service Provider Agreement, as shall be necessary to effectuate any such succession. The Borrower, the Aircraft Owning Entities and the Owner Participants shall enter into a market standard servicing agreement (or administrative agency agreement or cash management agreement, as applicable) with any successor Service Provider with market acceptance for the servicing of a portfolio of aircraft and aircraft leases in form and substance satisfactory to the Administrative Agent. If a successor Service Provider is acting as Service Provider hereunder, it shall be subject to termination under Section 12.2 or Section 13.2(c) hereof.

(b) If any successor Service Provider appointed by the Administrative Agent shall be legally unable to act as a Service Provider and the Administrative Agent shall not have appointed a successor Service Provider that is legally able and willing to act as Service Provider, such successor Service Provider may petition a court of competent jurisdiction to appoint any Eligible Servicer as its successor. Pending such appointment, the outgoing Service Provider shall continue to act as Service Provider under the applicable Service Provider Agreement until a successor has been appointed and accepted such appointment.

(c) Any successor Service Provider shall be entitled to such compensation as the outgoing Service Provider would have been entitled to under the applicable Service Provider Agreement if the applicable Service Provider had not resigned or been terminated hereunder. If any successor Service Provider is appointed for any reason, the Administrative Agent and such successor Service Provider may agree on additional compensation to be paid to such successor Service Provider. In addition, any successor Service Provider shall be entitled to reasonable transition expenses incurred in acting as successor Servicer Provider under the relevant Service Provider Agreement.

(d) In the event of the termination of the rights and obligations of the a Service Provider (or any successor thereto) pursuant to Section 12.2 or Section 13.2(c), or a resignation by a

Service Provider pursuant to this Agreement or the relevant Service Provider Agreement, such Service Provider shall be deemed to be the applicable Service Provider pending appointment of a successor Service Provider pursuant to this Section 12.3.

ARTICLE XIII

EVENTS OF DEFAULT

SECTION 13.1 Events of Default. Each of the following shall constitute an event of default (an "Event of Default") under this Agreement:

(a) (i) Default by the Borrower in the payment of any principal of any Advance on the Stated Maturity Date, (ii) default by the Borrower in the payment within three (3) Business Days after the due date of any Yield on any Class A Advance (or Class B Advance if no Class A Advances remain outstanding, or Class C Advance if no Class A or Class B Advances remain outstanding) or any commitment Fees payable to a Lender or Funding Agent (including in each case, without limitation, due to the unavailability of funds to be distributed for such purpose on any Payment Date pursuant to the Flow of Funds); (iii) default by the Borrower in the payment within ten (10) Business Days after the due date of any Collateral Agent Fees and Expenses (including, without limitation, due to the unavailability of funds to be distributed for such purpose on any Payment Date pursuant to the Flow of Funds), or (iv) any failure by the Borrower to, or cause the Servicer to, make any deposit of funds to the Security Deposit Account, the Maintenance Reserve Account, the Liquidity Reserve Account, the Class C Reserve Account or the Collection Account within three Business Days after receipt of notice thereof, provided, that such three Business Days after notice grace period shall not apply to any such failure relating to the Liquidity Reserve Account or the Class C Reserve Account;

(b) The Borrower, AerCap (other than in its capacity as the Servicer under this Agreement or the Servicing Agreement), or any Borrower Subsidiary shall fail to perform or observe any other term, covenant or agreement contained in this Agreement (other than those described in clause (a) above), or any other Credit Document on its part to be performed or observed and any such failure shall remain unremedied for thirty (30) days after the earlier of (i) the receipt by the Borrower of notice of such failure from the Administrative Agent, and (ii) the Borrower's acquiring actual knowledge of such breach;

(c) Any representation or warranty of the Borrower, AerCap (other than in its capacity as the Servicer under this Agreement or the Servicing Agreement), or any Borrower Subsidiary (other than any representation or warranty of AerCap under the AerCap-Borrower Purchase Agreement the breach of which can be, and has been, cured by an indemnification payment under the AerCap—Borrower Purchase Agreement or under the Purchase Agreement Guaranty) made or deemed to have been made hereunder or in any other Credit Document or any written information or certificate furnished by or on behalf of the Borrower, AerCap, or any Borrower Subsidiary (other than any written information or certificate of AerCap furnished pursuant to the AerCap—Borrower Purchase Agreement the incorrectness of which can be, and has been, cured by an indemnification payment under the AerCap—Borrower Purchase Agreement or under the Purchase Agreement Guaranty) to the Collateral Agent, the Administrative Agent, any Lender or any Funding Agent for purposes of or in connection with this Agreement or any other Credit

Document (including, without limitation, any certificates delivered pursuant to Article VII and any Quarterly Report or Monthly Report) shall prove to have been incorrect or untrue in any material respect when made, and, within thirty (30) days, the circumstances or condition in respect of which such representation, warranty or statement was untrue or incorrect (if capable of elimination or otherwise curable) shall not have been eliminated or otherwise cured;

(d) An Event of Bankruptcy shall have occurred and remained continuing with respect to the Borrower or the Purchase Agreement Guarantor;

(e) One or more judgments, orders or decrees for the payment of money in an aggregate amount in excess of $5,000,000 shall be rendered against the Borrower or any Borrower Subsidiary and the same shall remain undischarged, unvacated or not Effectively Bonded for a period of thirty (30) consecutive days during which execution shall not be effectively stayed, or any action shall be legally taken by a judgment creditor to levy upon properties of the Borrower or any Borrower Subsidiary to enforce any such judgment;

(f) The Pension Benefit Guaranty Corporation shall file notice of a lien pursuant to Section 4068 of ERISA with regard to any of the assets of the Borrower and such lien shall not have been released within thirty (30) days;

(g) (i) Any Credit Document shall (except in accordance with its terms, including under any termination rights), in whole or in part, terminate, cease to be effective or cease to be the legally valid, binding and enforceable obligation of the Borrower or any Borrower Subsidiary or the Performance Guarantor or Purchase Agreement Guarantor, as applicable; (ii) the Borrower, any Borrower Subsidiary, the Performance Guarantor or the the Purchase Agreement Guarantor shall, directly or indirectly, contest in writing the effectiveness, validity, binding nature or enforceability of any Credit Document; or (iii) any assignment or security interest granted by the Borrower or any Borrower Subsidiary under or in connection with any Credit Document or any of the transactions contemplated thereby shall, in whole or in part, cease to be a perfected, first priority assignment or security interest, as the case may be, against the Borrower or such Borrower

Subsidiary or the Collateral Agent shall otherwise fail to have a first priority, perfected security interest in any Borrower Collateral;

(h) Any Hedge Agreement is terminated by the counterparty thereunder on account of a default thereunder by the Borrower;

(i) Failure of the Borrower (or any Borrower Subsidiary, so long as it is an owner of Funded Aircraft) to maintain its legal existence;

(j) The Borrower is required to register as an investment company under the Investment Company Act of 1940; or

(k) The Supporting Party shall have defaulted on its obligations under the Purchase Agreement Guaranty.

SECTION 13.2 Effect of Event of Default.

(a) Optional Termination. Upon the occurrence of an Event of Default and so long as such Event of Default continues unremedied (other than an Event of Default described in Section 13.1(d), the Administrative Agent shall, upon the direction of the Class A Majority Lenders, give a default notice and declare the Facility Termination Date to have occurred. The Class B Majority Lenders shall have the right to direct the Administrative Agent to so accelerate the Advances when the Class A Advances, and all Obligations related thereto, are paid in full. The Class C Majority Lenders shall have the right to direct the Administrative Agent to so accelerate the Advances when both the Class A Advances, the Class B Advances and all Obligations related thereto, are paid in full.

(b) Automatic Termination. Upon the occurrence of an Event of Default described in Section 13.1(d), the Facility Termination Date shall be deemed to have occurred automatically.

(c) Service Provider Termination. Upon the occurrence of an Event of Default and so long as such Event of Default continues unremedied, if any member of the AerCap Group or any Affiliate of the Borrower is then serving as a Service Provider, the Administrative Agent may, by written notice to such Service Provider, terminate all of the Service Provider's rights and obligations as Service Provider under the applicable Service Provider Agreement, and the Administrative Agent may appoint a successor Service Provider in accordance with Section 12.3 (such termination to be effective as specified in this Agreement).

SECTION 13.3 Rights Upon the Facility Termination Date.

(a) Remedies. On the Facility Termination Date, all outstanding Advances under this Agreement, together with accrued Yield, and all other Obligations under this Agreement shall become immediately due and payable, without presentment, demand, protest, or notice of any kind. If the Borrower fails to pay in full all such accrued Yield, and all other Obligations on the Facility Termination Date, the Administrative Agent, shall, upon the direction of the Class A Majority Lenders (and subject to Section 13.3(c)), exercise any of the following remedies (or direct the Collateral Agent in writing so to exercise):

(i) [Reserved].

(ii) Subject to any Obligors' rights under the Leases, immediately sell or otherwise dispose of the Borrower Collateral in a commercially reasonable manner, in a recognized market (if one exists) at such price or prices as the Administrative Agent, in consultation with the Class A Funding Agents, may reasonably deem satisfactory and apply the proceeds thereof to the Obligations in the order of priority set forth in the Flow of Funds hereof.

(iii) The parties recognize that it may not be possible to purchase or sell all of the Borrower Collateral on a particular Business Day, or in a transaction with the same purchaser, or in the same manner because the market therefor may not be liquid. Accordingly, the Administrative Agent, in consultation with the Class A Funding Agents, may elect, in its sole discretion or at the discretion of any Funding Agent, the time and

manner of liquidating any item of Borrower Collateral and nothing contained herein shall (A) obligate the Collateral Agent to liquidate any Borrower Collateral on the occurrence of the Facility Termination Date or to liquidate all of the the Borrower Collateral in the same manner or on the same Business Day or (B) constitute a waiver of any right or remedy of the Lenders.

(iv) The Administrative Agent, the Funding Agents and the Lenders shall have, in addition to all the rights and remedies provided herein and provided by applicable federal, state, foreign, and local laws (including, without limitation, the rights and remedies of a secured party under the Uniform Commercial Code of any applicable state, to the extent that the Uniform Commercial Code is applicable, and the right to offset any mutual debt and claim), all rights and remedies available to the Lenders in law, in equity, or under any other agreement between the Lenders and the Borrower.

(b) Excess Proceeds. Any amounts received from any sale or liquidation of the Borrower Collateral pursuant to this Section 13.3 in excess of the Obligations will be returned to the Borrower, its successors or assigns, or to whosoever may be lawfully entitled to receive the same or as a court of competent jurisdiction may otherwise direct.

(c) AerCap Sub Note Buyout. Prior to any sale or liquidation or other exercise of remedies against or in respect of the Borrower

Collateral pursuant to this Section 13.3, one or more holders of the AerCap Sub Notes may elect to purchase all, but not less than all, of the entire outstanding principal balance of the Advances, at a purchase price equal to the unpaid principal balance of such Advances, plus accrued interest thereon, together with any fees, indemnity amounts or other amounts owed the Lenders hereunder (and not including any amount in respect of expected but lost future benefit or profit). Such right shall be exercised by such holders giving the Administrative Agent written notice of the intent to purchase such Advances within twenty (20) Business Days of the date that the Facility Termination Date has occurred or been declared, and the date on which such purchase is to be consummated, which shall be not more than ten (10) Business Days after delivery of such written notice. None of the Collateral Agent, the Administrative Agent nor any Lender may sell, liquidate or otherwise exercise remedies against or in respect of the Borrower Collateral prior to the end of such twenty and (if applicable) ten Business Day period.

The Administrative Agent shall promptly deliver a copy of each such purchase option notice that is timely given, to the Lenders and each Funding Agent. On the date specified in the purchase option notice, the Lenders shall transfer, by an instrument of assignment suitable for such purpose, all of their right, title and interest in and to such Advances and any related Note, upon the tender to them of the purchase price specified above. If the holder(s) of the AerCap Sub Notes fail to consummate the purchase of such Advances after giving a notice of intent, or fails to timely give a notice of intent, such holder(s) shall be deemed to have irrevocably waived the right to purchase such Advances.

(d) Buyout Rights of Subordinate Lenders. At any time after the occurrence of and during the continuation of an Event of Default, but in no event prior to the end of the twenty and (if applicable) ten Business Day period described in subsection (c) of this Section above,

(i) each Class B Lender shall have the right to purchase all, but not less than all, of the outstanding Class A Advances upon ten days' written notice to the Administrative Agent, the Collateral Agent and each other Class B Lender, *provided* that (A) if prior to the end of such ten-day period any other Class B Lender notifies such purchasing Class B Lender that such other Class B Lender wants to participate in such purchase, then such other Class B Lender may join with the purchasing Class B Lender to purchase all, but not less than all, of the Class A Advances pro rata based on the respective Class B Lenders' proportionate share of all Class B Advances outstanding, and (B) if prior to the end of such ten-day period any other Class B Lender fails to notify the purchasing Class B Lender of such other Class B Lender's desire to participate in such a purchase, then such other Class B Lender shall lose its right to purchase the Class A Advances pursuant to this Section 13.03(d); and

(ii) each Class C Lender shall have the right (which shall not expire upon any purchase of the Class A Advances pursuant to paragraph (a) above) to purchase all, but not less than all, of the Class A Advances and the Class B Advances upon ten days' written notice to the Administrative Agent, the Collateral Agent and each other Class C Lender, *provided* that (A) if prior to the end of such ten-day period any other Class C Lender notifies such purchasing Class C Lender that such other Class C Lender wants to participate in such purchase, then such other Class C Lender may join with the purchasing Class C Lender to purchase all, but not less than all, of the Class A Advances and the Class B Advances pro rata based on the respective Class C Lenders' proportionate share of all Class C Advances outstanding and (B) if prior to the end of such ten-day period any other Class C Lender fails to notify the purchasing Class C Lender of such other Class C Lender's desire to participate in such a purchase, then such other Class C Lender shall lose its right to purchase the Class A Advances and Class B Advances pursuant to this Section 13.03(d).

The purchase price with respect to the Class A Advances (or Class B Advances, if applicable) shall be equal to their outstanding unpaid principal balance, together with accrued and unpaid interest thereon to the date of such purchase, without premium, but including any other amounts then due and payable to the Class A Lenders or Class B Lenders (if applicable) under this Agreement; *provided* that no such purchase of Class A Advances or Class B Advances shall be effective unless the purchaser(s) shall certify to the Administrative Agent that contemporaneously with such purchase, such purchaser(s) is purchasing, pursuant to the terms of this Agreement, the outstanding Advances which are senior to the Advances held by such purchaser(s). Each payment of the purchase price of the Class A Advances or Class B Advances, as the case may be, referred to in the first sentence hereof shall be made to an account or accounts designated by the Administrative Agent and each such purchase shall be subject to the terms of this Section 13.03(d). Each Class A Lender agrees by its acceptance of its Class A Advances that it will, upon payment from such Class B Lender or Class C Lender(s), as the case may be, of the purchase price set forth in the first sentence of this paragraph, forthwith sell, assign, transfer and convey to the purchaser(s) thereof (without recourse, representation or warranty of any kind except for its own acts), all of the right, title, interest and obligation of such Class A Lender under this Agreement but, excluding all right, title and interest under the foregoing to the extent such right, title or interest is with respect to an obligation not then due

and payable as respects any action or Inaction or state of affairs occurring prior to such sale) and the purchaser shall assume all of such Class A Lender obligations under this Agreement. Each Class B Lender agrees by its acceptance of its Class B Advances that it will, upon payment from such Class C Lender(s), as the case may be, of the purchase price set forth in the first sentence of this paragraph, forthwith sell, assign, transfer and convey to the purchaser(s) thereof (without recourse, representation or warranty of any kind except for its own acts), all of the right, title, interest and obligation of such Class B Lender under this Agreement but, excluding all right, title and interest under the foregoing to the extent such right, title or interest is with respect to an obligation not then due and payable as respects any action or Inaction or state of affairs occurring prior to such sale) and the purchaser shall assume all of such Class B Lender obligations under this Agreement. The Class B Advances will be deemed to be purchased on the date payment of the purchase price is made notwithstanding the failure of the Class B Lenders to deliver any Note and, upon such a purchase, (i) the only rights of the Class B Lenders will be to

deliver the Class B Advances to the purchaser(s) and receive the purchase price for such Class B Advances and (ii) if the purchaser(s) shall so request, such Class B Lenders will comply with all the provisions of the Credit Agreement to enable new Class B Advances to be issued to the purchaser in such denominations as it shall request. All charges and expenses in connection with the issuance of any such new Class B Lender shall be borne by the purchaser thereof.

ARTICLE XIV

THE ADMINISTRATIVE AGENT

SECTION 14.1 Authorization and Action. Each of the Lenders and the Funding Agents hereby appoints UBSS as agent for purposes of the Transaction Documents and authorizes UBSS, in such capacity, to take such action on its behalf under each Transaction Document and to exercise such powers, hereunder and thereunder as are delegated to the Administrative Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto.

SECTION 14.2 Exculpation. Neither the Administrative Agent (acting in such capacity under the Transaction Documents) nor any of its directors, officers, agents or employees shall be liable to any Lender or Funding Agent for any action taken or omitted to be taken by it or them under or in connection with the Transaction Documents, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, the Administrative Agent: (a) may consult with legal counsel (including counsel for the Borrower and the Service Providers), independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender or Funding Agent, and shall not be responsible to any Lender or Funding Agent, for any statements, warranties or representations made by the Borrower or Service Providers, in or in connection with any Transaction Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Transaction Document on the part of AerCap, the Borrower, any Service

Provider or any of their respective Affiliates or to inspect the property (including the books and records) of AerCap, the Borrower, any Service Provider or any of their respective Affiliates; (d) shall not be responsible to any Lender or Funding Agent for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note, any other Transaction Document or any other instrument or document provided for herein or delivered or to be delivered hereunder or in connection herewith; and (e) shall incur no liability under or in respect of any Transaction Document by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex or facsimile transmission) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 14.3 Administrative Agent and Affiliates. The Administrative Agent, including, but not limited to, UBSS and any of its Affiliates may generally engage in any kind of business with AerCap, the Borrower, the Service Providers, any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of AerCap, the Borrower, the Service Providers, any Obligor or any of their respective Affiliates, all as if the Administrative Agent were not the Administrative Agent hereunder and without any duty to account therefor to any Lender or Funding Agent.

SECTION 14.4 Lender's Credit Decision. Each Lender acknowledges that it has, independently and without reliance upon the Administrative Agent, any of its Affiliates or any other Lender and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement. Each Lender also acknowledges that it will, independently and without reliance upon the Administrative Agent, any of its Affiliates or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement.

SECTION 14.5 Certain Matters Affecting the Administrative Agent.

(a) The Administrative Agent may rely and shall be protected in acting or refraining from acting upon any resolution, officer's certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice, request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) The Administrative Agent may consult with counsel, and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by the Administrative Agent under this Agreement in good faith and in accordance with such Opinion of Counsel.

(c) Notwithstanding anything to the contrary, the Administrative Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement, at the request, order or direction of any Funding Agent or Lender pursuant to the provisions of this Agreement unless such Funding Agent or Lender shall have furnished to the Administrative Agent security or indemnity satisfactory to the Administrative Agent against the costs, expenses and liabilities that may be incurred therein or thereby.

(d) The Administrative Agent shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument opinion, report, notice, request, consent, order, approval, bond or other paper or documents, unless

requested in writing to do so by the Class Majority Lenders; provided, however, that if the payment within a reasonable time to the Administrative Agent of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of the Administrative Agent, not reasonably assured to the Administrative Agent by the security afforded to it by the terms of this Agreement, the Administrative Agent may require indemnity satisfactory to it against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request or, if paid by the Administrative Agent, shall be reimbursed by the Person making such request upon demand.

(e) The Administrative Agent may execute any of the trusts or powers under this Agreement or any other Transaction Document or perform any duties under this Agreement or any other Transaction Document either directly or by or through agents or attorneys or custodians. The Administrative Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by the Administrative Agent. The Administrative Agent shall not be responsible for any misconduct or negligence attributable to the acts or omissions of any Service Provider.

(f) The Administrative Agent may rely, as to factual matters relating to any Service Provider, on an officer's certificate of the applicable Service Provider.

(g) The Administrative Agent shall not be required to take any action or refrain from taking any action under this Agreement, or any Transaction Document referred to herein, nor shall any provision of this Agreement or any such Transaction Document be deemed to impose a duty on the Administrative Agent to take action, if the Administrative Agent shall have been advised by counsel that such action is contrary to the terms of this Agreement or any Transaction Document or is contrary to law.

(h) The Borrower and the Service Providers hereby (i) acknowledge that the Funding Agents and Lenders have the right, in certain instances, to require the Administrative Agent to take or refrain from taking certain actions under the terms of this Agreement and the other Transaction Documents and (ii) agree that the Administrative Agent has no liability to the Borrower, or the Service Providers, with respect to taking or refraining from taking any such actions at the request of any Funding Agent or Lender.

(i) When this Agreement or any other Credit Document provides that a right, consent, approval or duty is expressly stated to be exercisable or performable by the Administrative Agent, the parties hereto understand and agree that the Administrative Agent is entitled to exercise its rights under such provision without the consent of the Lenders.

SECTION 14.6 Administrative Agent Not Liable. The Administrative Agent makes no representations as to the validity or sufficiency of this Agreement, any Note or any other Transaction Document. The Administrative Agent shall at no time have any responsibility or liability for or with respect to the legality, validity or enforceability of any security interest in any Borrower Collateral, or the perfection and priority of such a security interest or the

maintenance of any such perfection and priority or its ability to generate the payments to be distributed to Lenders under this Agreement, including, without limitation, the existence, condition, location and ownership of any property; the performance or enforcement of any Lease; the compliance by the Borrower, AerCap, any Service Provider, or the Collateral Agent with any covenant or the breach by the Borrower, AerCap, any Service Provider or the Collateral Agent, of any warranty or representation made under this Agreement or any other Transaction Document or in any related document and the accuracy of any such warranty or representation prior to the Administrative Agent's receipt of notice or other discovery of any noncompliance therewith or any breach thereof, any investment of monies by or at the direction of the Borrower or the applicable Service Provider, or any loss resulting therefrom (it being understood, however, that the Administrative Agent shall remain otherwise responsible for any Borrower Collateral that it may hold directly); the acts or omissions of the Borrower, any Service Provider, the Collateral Agent, AerCap or any Obligor, any action of a Service Provider taken in the name of AerCap, the Borrower or the Administrative Agent, Funding Agents and/or Lenders which are authorized to provide such instruction in accordance with this Agreement or any of the other Transaction Documents; provided, however, that the foregoing shall not relieve the Administrative Agent of its obligations to perform its duties under this Agreement. The Administrative Agent shall not be accountable for the use or application by the Borrower of any proceeds of the Advances, or for the use or application of any funds paid to a Service Provider in respect of the Leases or any other Aircraft Assets related to the Aircraft.

SECTION 14.7 Agent May Own Notes. The Administrative Agent in its individual or any other capacity may become the owner or pledgee of Notes or any rights evidenced by Section 15.5(a) with the same rights as it would have if it were not the Administrative Agent and may deal with the Service Providers in banking transactions with the same rights as it would have if it were not the Administrative Agent.

SECTION 14.8 Resignation or Removal of Agent.

(a) Subject to the provisions of subsection (c) of this Section 14.8, any Person acting as Administrative Agent may at any time resign as Administrative Agent under this Agreement and the other Transaction Documents by giving thirty (30) days' written notice thereof to the Service Providers, the Borrower and each of the Funding Agents. Upon receiving such notice of resignation, the Class Majority Lenders (with approval of the Borrower and the Service Providers, not to be unreasonably withheld or delayed) shall promptly appoint a successor Administrative Agent by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Administrative Agent and the other copy of which instrument shall be delivered to the successor Administrative Agent. If no successor Administrative Agent shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Administrative Agent may petition any court of competent jurisdiction for the appointment of a successor Administrative Agent. The Borrower shall reimburse the resigning Administrative Agent pursuant to the Flow of Funds for all expenses that shall have been incurred by such resigning Administrative Agent in accordance with this Agreement and the other Transaction Documents prior to the effective date of resignation of such resigning Administrative Agent.

(b) If at any time the Administrative Agent shall be legally unable to act, or shall be adjudged a bankrupt or insolvent or a receiver of the Administrative Agent or of its property shall be appointed or any public officer shall take charge or control of the Administrative Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the Funding Agents shall remove the Administrative Agent. If the Administrative Agent shall have been removed under the authority of the immediately preceding sentence, the Class Majority Lenders (with approval of the Borrower and the Service Providers, not to be unreasonably withheld or delayed) shall promptly appoint a successor Administrative Agent by written instrument, in duplicate, one copy of which instrument shall be delivered to the Administrative Agent so removed and the other copy of which instrument shall be delivered to the successor Administrative Agent. The Borrower shall reimburse the removed Administrative Agent pursuant to the Flow of Funds for all expenses which shall have been incurred by such removed Administrative Agent in accordance with this Agreement and the other Transaction Documents prior to the effective date of removal of such removed Administrative Agent.

(c) Any resignation or removal of the Administrative Agent and appointment of a successor Agent pursuant to any of the provisions of this Section 14.8 shall not become effective until acceptance of appointment by the successor agent as provided in Section 14.9.

SECTION 14.9 Successor Administrative Agent. Any successor Administrative Agent appointed as provided in this Article XIV shall execute, acknowledge and deliver to the Borrower, the Service Providers, each Funding Agent and to its predecessor Administrative Agent an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Administrative Agent shall become effective and such successor Administrative Agent, without any further act, deed or conveyance (except as provided below), shall become fully vested with all the rights, power, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Administrative Agent; but, on request of the Borrower or any Service Provider, or the successor Administrative Agent, such predecessor Administrative Agent shall, upon payment of its expenses then unpaid, execute and deliver an instrument transferring to such successor Administrative Agent all of the rights, powers and trusts of the Administrative Agent so ceasing to act, and shall duly assign, transfer and deliver to such successor Administrative Agent all property and money held by such Administrative Agent so ceasing to act hereunder. Upon request of any such successor Administrative Agent, the Borrower shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Administrative Agent all such rights, powers and trusts. The predecessor Administrative Agent shall deliver to the successor Administrative Agent all documents and statements held by it under this Agreement or any Transaction Document; and the predecessor Administrative Agent and the other parties to the Transaction Documents shall amend any Transaction Document to make the successor Administrative Agent the successor to the predecessor Administrative Agent thereunder; and the applicable Service Provider and the predecessor Administrative Agent shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Administrative Agent all such rights, powers, duties and obligations. No successor Administrative Agent shall accept its appointment as provided in this Section 14.9 unless at the time of such acceptance such successor Administrative Agent shall be eligible under the provisions of Section 14.10. Upon acceptance of appointment by a successor

Administrative Agent as provided in this Section 14.9, the Borrower shall mail notice by first-class mail of the appointment of the successor of such Administrative Agent and the address of the successor Administrative Agent's corporate trust office under this Agreement to all Lenders at their addresses as shown in the Note Register or if no Note Register is required to be maintained with respect to any Lender pursuant to Section 15.5(b), such other address or such other address as shall be maintained for such Lender by the applicable Funding Agent. If the Borrower fails to mail such notice within ten (10) days after acceptance of appointment by the successor Administrative Agent, the successor Administrative Agent shall cause such notice to be mailed at the expense of the Borrower.

SECTION 14.10 Eligibility Requirements for Successor Agent. Any successor Administrative Agent under this Agreement shall be a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $500,000,000 and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 14.10, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time any successor Administrative Agent shall cease to be eligible in accordance with the provisions of this Section 14.10, such successor Administrative Agent shall resign immediately in the manner and with the effect specified in Section 14.8.

SECTION 14.11 Merger or Consolidation of Agent. Any corporation into which the Administrative Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Administrative Agent shall be a party, or any corporation succeeding to the corporate trust business of the Administrative Agent, shall be the successor of the Administrative Agent under this Agreement, provided such corporation shall be eligible under the provisions of Section 14.10, without the execution or filing of any instrument or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding.

SECTION 14.12 Administrative Agent May Enforce Claims Without Possession of Notes. Whether or not any applicable Funding Agent has requested a Note pursuant to Section 2.5, all rights of action and claims under this Agreement and/or the Notes may be prosecuted and enforced by the Administrative Agent, any Funding Agent or any Lender without the possession of any Note or the production thereof in any proceeding relating thereto, and any such proceeding instituted by the Administrative Agent shall be brought in its own name as agent.

SECTION 14.13 Suit for Enforcement. If a Servicer Termination Event shall occur and be continuing, the Administrative Agent, in its discretion may (but shall have no duty or obligation so to proceed) proceed to protect and enforce its rights and the rights of the Lenders under this Agreement by a suit, action or proceeding in equity or at law or otherwise, whether for the specific performance of any covenant or agreement contained in this Agreement or in aid of the execution of any power granted in this Agreement or for the enforcement of any other legal, equitable or other remedy as the Administrative Agent, being advised by counsel, shall deem

most effectual to protect and enforce any of the rights of the Administrative Agent or the Lenders.

SECTION 14.14 Indemnification of Agent. Each Funding Group agrees to indemnify the Administrative Agent (to the extent not reimbursed by the Borrower), ratably according to the amount of the Funding Group Limit of such Funding Group as a percentage of the aggregate Funding Group Limits of all Funding Groups, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against the Administrative Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by the Administrative Agent under this Agreement or any other Transaction Document; provided, however, that no Funding Group shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Administrative Agent's gross negligence or willful misconduct.

ARTICLE XIVA

FUNDING AGENTS

SECTION 14A.1 Authorization and Action. Each of the Funding Groups hereby appoints its respective Funding Agent as agent for purposes of the Transaction Documents and authorizes such Funding Agent, in such capacity, to take such action on its behalf under each Transaction Document and to exercise such powers, hereunder and thereunder as are delegated to such Funding Agent by the terms hereof and thereof, together with such powers as are reasonably incidental thereto.

SECTION 14A.2 Exculpation. Neither the respective Funding Agent of each Funding Group (acting in such capacity under the Transaction Documents) nor any of its directors, officers, agents or employees shall be liable to any Lender in its Funding Group for any action taken or omitted to be taken by it or them under or in connection with the Transaction Documents, except for its or their own gross negligence or willful misconduct. Without limiting the generality of the foregoing, such Funding Agent: (a) may consult with legal counsel, independent certified public accountants and other experts selected by it and shall not be liable for any action taken or omitted to be taken in good faith by it in accordance with the advice of such counsel, accountants or experts; (b) makes no warranty or representation to any Lender in its Funding Group, and shall not be responsible to any such Lender, for any statements, warranties or representations made by the Borrower, any Service Provider or the Administrative Agent, in or in connection with any Transaction Document; (c) shall not have any duty to ascertain or to inquire as to the performance or observance of any of the terms, covenants or conditions of any Transaction Document on the part of AerCap, the Borrower, any Service Provider, the Administrative Agent or any of their respective Affiliates or to inspect the property (including the books and records) of AerCap, the Borrower, a Service Provider, the Administrative Agent or any of their respective Affiliates; (d) shall not be responsible to any Lender in its Funding Group for the due execution, legality, validity, enforceability, genuineness, sufficiency or value of this Agreement, any Note, any other Transaction Document or any other

instrument or document provided for herein or delivered or to be delivered hereunder or in connection herewith; and (e) shall incur no liability under or in respect of any Transaction Document by acting upon any notice (including notice by telephone), consent, certificate or other instrument or writing (which may be by telex or facsimile transmission) believed by it to be genuine and signed or sent by the proper party or parties.

SECTION 14A.3 Funding Agent and Affiliates. The respective Funding Agent of each Funding Group may generally engage in any kind of business with AerCap, the Borrower, the Service Providers, any Obligor, any of their respective Affiliates and any Person who may do business with or own securities of AerCap, the Borrower, the Service Providers, any Obligor or any of their respective Affiliates, all as if such Funding Agent were not a Funding Agent hereunder and without any duty to account therefor to any Lender in its respective Funding Group.

SECTION 14A.4 Lender's Credit Decision. Each Lender in a Funding Group acknowledges that it has, independently and without reliance upon its respective Funding Agent, any of its Affiliates or any other Lender and based on such documents and information as it has deemed appropriate, made its own evaluation and decision to enter into this Agreement. Each such Lender also acknowledges that it will, independently and without reliance upon such Funding Agent, any of its Affiliates or any other Lender and based on such documents and information as it shall deem appropriate at the time, continue to make its own decisions in taking or not taking action under this Agreement.

SECTION 14A.5 Certain Matters Affecting the Funding Agent.

(a) The respective Funding Agent of each Funding Group may rely and shall be protected in acting or refraining from acting upon any resolution, officer's certificate, certificate of auditors or any other certificate, statement, instrument, opinion, report, notice,

request, consent, order, appraisal, bond or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(b) Such Funding Agent may consult with counsel, and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by such Funding Agent under this Agreement in good faith and in accordance with such Opinion of Counsel.

(c) Such Funding Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation to this Agreement, at the request, order or direction of any Lender in its respective Funding Group pursuant to the provisions of this Agreement unless such Lender shall have furnished to such Funding Agent security or indemnity satisfactory to such Funding Agent against the costs, expenses and liabilities that may be incurred therein or thereby.

(d) Such Funding Agent shall not be bound to make any investigation into the facts of matters stated in any resolution, certificate, statement, instrument opinion, report, notice, request, consent, order, approval, bond or other paper or documents, unless requested in writing to do so by its respective Funding Group Majority Lenders; provided, however, that if the payment

within a reasonable time to such Funding Agent of the costs, expenses or liabilities likely to be incurred by it in the making of such investigation is, in the opinion of such Funding Agent, not reasonably assured to such Funding Agent by the security afforded to it by the terms of this Agreement, such Funding Agent may require indemnity satisfactory to it against such cost, expense or liability as a condition to so proceeding; the reasonable expense of every such examination shall be paid by the Person making such request or, if paid by such Funding Agent, shall be reimbursed by the Person making such request upon demand.

(e) Such Funding Agent may execute any of the trusts or powers under this Agreement or any other Transaction Document or perform any duties under this Agreement or any other Transaction Document either directly or by or through agents or attorneys or custodians. Such Funding Agent shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by such Funding Agent. Such Funding Agent shall not be responsible for any misconduct or negligence attributable to the acts or omissions of any Service Provider or the Administrative Agent.

(f) Such Funding Agent may rely, as to factual matters relating to any Service Provider, on an officer's certificate of such Service Provider.

(g) Such Funding Agent shall not be required to take any action or refrain from taking any action under this Agreement, or any Transaction Document referred to herein, nor shall any provision of this Agreement or any such Transaction Document be deemed to impose a duty on such Funding Agent to take action, if such Funding Agent shall have been advised by counsel that such action is contrary to the terms of this Agreement or any Transaction Document or is contrary to law.

(h) The Borrower and the Service Providers hereby (i) acknowledge that the Administrative Agent and Lenders have the right, in certain instances, to require such Funding Agent to take or refrain from taking certain actions under the terms of this Agreement and the other Transaction Documents and (ii) agree that such Funding Agent has no liability to the Borrower or the Service Providers with respect to taking or refraining from taking any such actions at the request of the Administrative Agent or Lender.

SECTION 14A.6 Funding Agent Not Liable. The respective Funding Agent of each Funding Group makes no representations as to the validity or sufficiency of this Agreement, the Notes or any other Transaction Document. Such Funding Agent shall at no time have any responsibility or liability for or with respect to the legality, validity or enforceability of any security interest in any Borrower Collateral, or the perfection and priority of such a security interest or the maintenance of any such perfection and priority or its ability to generate the payments to be distributed to Lenders under this Agreement, including, without limitation, the existence, condition, location and ownership of any property; the performance or enforcement of any Lease; the compliance by the Borrower, AerCap, the Service Providers, or the Collateral Agent with any covenant or the breach by the Borrower, AerCap, the Service Providers or the Collateral Agent, of any warranty or representation made under this Agreement or any other Transaction Document or in any related document and the accuracy of any such warranty or representation prior to such Funding Agent's receipt of notice or other discovery of any noncompliance therewith or any breach thereof, any investment of monies by or at the direction

of the Borrower or the Service Providers or any loss resulting therefrom; the acts or omissions of the Borrower, the Service Providers, the Collateral Agent, AerCap or any Obligor; any action of a Service Provider taken in the name of such Funding Agent; or any action by such Funding Agent taken at the instruction of AerCap, the Borrower or the Administrative Agent and/or Lenders which are authorized to provide such instruction in accordance with this Agreement or any of the other Transaction Documents; provided, however, that the foregoing shall not relieve such Funding Agent of its obligations to perform its duties under this Agreement. Such Funding Agent shall not be accountable for the use or application by the Borrower of any proceeds of the Advances, or for the use or application of any funds paid to a Service Provider in respect of the Leases or any other Aircraft Assets related to the Aircraft.

SECTION 14A.7 Agent May Own Notes. The respective Funding Agent of each Funding Group in its individual or any other capacity may become the owner or pledgee of Notes or any rights evidenced by Section 15.5(a) with the same rights as it would have if it were not such Funding Agent and may deal with the Service Providers in banking transactions with the same rights as it would have if it

were not such Funding Agent.

SECTION 14A.8 Resignation or Removal of Agent.

(a) Subject to the provisions of subsection (c) of this Section 14A.8, any Person acting as a Funding Agent of a Funding Group may at any time resign as such Funding Agent under this Agreement and the other Transaction Documents by giving thirty (30) days' written notice thereof to the Borrower, the Service Providers and the Administrative Agent. Upon receiving such notice of resignation, the Funding Group Majority Lenders of such Funding Group (with approval of the Borrower, the Service Providers and Administrative Agent, in each case not to be unreasonably withheld or delayed) shall promptly appoint a successor Funding Agent by written instrument, in duplicate, one copy of which instrument shall be delivered to the resigning Funding Agent and the other copy of which instrument shall be delivered to the successor Funding Agent. If no successor Funding Agent shall have been so appointed and have accepted appointment within thirty (30) days after the giving of such notice of resignation, the resigning Funding Agent may petition any court of competent jurisdiction for the appointment of a successor Funding Agent. The Borrower shall reimburse the resigning Funding Agent, pursuant to the Flow of Funds hereof, for all expenses which shall have been incurred by such resigning Funding Agent in accordance with this Agreement and the other Transaction Documents prior to the effective date of resignation of such resigning Funding Agent.

(b) If at any time such Funding Agent shall be legally unable to act, or shall be adjudged a bankrupt or insolvent or a receiver of such Funding Agent or of its property shall be appointed or any public officer shall take charge or control of such Funding Agent or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then the related Funding Group Majority Lenders shall remove such Funding Agent. If such Funding Agent shall have been removed under the authority of the immediately preceding sentence, such Funding Group Majority Lenders (with approval of the Borrower, the Service Providers and Administrative Agent, such approval not to be unreasonably withheld or delayed) shall promptly appoint a successor Funding Agent by written instrument, in duplicate, one copy of which instrument shall be delivered to the Funding Agent so removed and the other copy of which

instrument shall be delivered to the successor Funding Agent. The Borrower shall reimburse the removed Funding Agent pursuant to the Flow of Funds for all expenses which shall have been incurred by such removed Funding Agent in accordance with this Agreement and the Other Transaction Documents prior to the effective date of removal of such removed Funding Agent.

(c) Any resignation or removal of such Funding Agent and appointment of a successor Agent pursuant to any of the provisions of this Section 14A.8 shall not become effective until acceptance of appointment by the successor agent as provided in Section 14A.9.

SECTION 14A.9 Successor Funding Agent. Any successor Funding Agent appointed as provided in this Article XIVA shall execute, acknowledge and deliver to the Borrower, the Service Providers, the Administrative Agent and to its predecessor Funding Agent an instrument accepting such appointment under this Agreement, and thereupon the resignation or removal of the predecessor Funding Agent shall become effective and such successor Funding Agent, without any further act, deed or conveyance (except as provided below), shall become fully vested with all the rights, power, duties and obligations of its predecessor under this Agreement, with like effect as if originally named as Funding Agent; but, on request of the Borrower, a Service Provider, the Administrative Agent, or the successor Funding Agent, such predecessor Funding Agent shall, upon payment of its expenses then unpaid, execute and deliver an instrument transferring to such successor Funding Agent all of the rights, powers and trusts of the Funding Agent so ceasing to act, and shall duly assign, transfer and deliver to such successor Funding Agent all property and money held by such Funding Agent so ceasing to act hereunder for the benefit of the Lenders in its Funding Group. Upon request of any such successor Funding Agent, the Borrower shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Funding Agent all such rights, powers and trusts. The predecessor Funding Agent shall deliver to the successor Funding Agent all documents and statements held by it under this Agreement or any Transaction Document; and the predecessor Funding Agent and the other parties to the Transaction Documents shall amend any Transaction Document to make the successor Funding Agent the successor to the predecessor Funding Agent thereunder; and the Borrower, the Service Providers, the Administrative Agent and the predecessor Funding Agent shall execute and deliver such instruments and do such other things as may reasonably be required for fully and certainly vesting and confirming in the successor Funding Agent all such rights, powers, duties and obligations. No successor Funding Agent shall accept its appointment as provided in this Section 14A.9 unless at the time of such acceptance such successor Funding Agent shall be eligible under the provisions of Section 14A.10. Upon acceptance of appointment by a successor Funding Agent as provided in this Section 14A.9, the Borrower shall mail notice by first-class mail of the appointment of such successor Funding Agent and the address of the successor Funding Agent's corporate trust office under this Agreement to all Lenders at their addresses as shown in the Note Register or if no Note Register is required to be maintained with respect to any Lender pursuant to Section 15.5(b), such other address or such other address as shall be maintained for such Lender by the applicable Funding Agent. If the Borrower fails to mail such notice within ten (10) days after acceptance of appointment by the successor Funding Agent, the successor Funding Agent shall cause such notice to be mailed at the expense of the Borrower.

SECTION 14A.10 Eligibility Requirements for Successor Agent. Any successor Funding Agent under this Agreement shall be a corporation duly organized and validly existing under the laws of its jurisdiction of incorporation authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $500,000,000 and subject to supervision or examination by federal or state authority. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purpose of this Section 14A.10, the combined capital and surplus of such

corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. In case at any time any successor Funding Agent shall cease to be eligible in accordance with the provisions of this Section 14A.10, such successor Funding Agent shall resign immediately in the manner and with the effect specified in Section 14A.8.

SECTION 14A.11 Merger or Consolidation of Agent. Any corporation into which any Funding Agent may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which such Funding Agent shall be a party, or any corporation succeeding to the corporate trust business of such Funding Agent, shall be the successor of such Funding Agent under this Agreement, provided such corporation shall be eligible under the provisions of Section 14A.10, without the execution or filing of any instrument or any further act on the part of any of the parties to this Agreement, anything in this Agreement to the contrary notwithstanding.

SECTION 14A.12 Funding Agent May Enforce Claims Without Possession of Notes. Whether or not any Funding Agent has requested a Note pursuant to Section 2.5, all rights of action and claims under this Agreement or the Notes may be prosecuted and enforced by such Funding Agent without the possession of any Note or the production thereof in any proceeding relating thereto, and any such proceeding instituted by such Funding Agent shall be brought in its own name as agent for the applicable Funding Group.

SECTION 14A.13 Indemnification of Agent. Each Lender in a particular Funding Group agrees to indemnify its Funding Agent (to the extent not reimbursed by the Borrower), ratably according to the amount of the outstanding Advances of such Lender as a percentage of the aggregate outstanding Advances of all Lenders in such Funding Group, from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by, or asserted against such Funding Agent in any way relating to or arising out of this Agreement or any other Transaction Document or any action taken or omitted by such Funding Agent under this Agreement or any other Transaction Document; provided, however, that no such Lender shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from such Funding Agent's gross negligence or willful misconduct.

SECTION 14A.14 Other Arrangements. No provision contained in this Article XIVA shall, in any way, limit or diminish any duty, obligation or responsibility which any Funding Agent may have to any Lender in its Funding Group pursuant to any other provision of this

Agreement or any separate agreement or arrangement between such Funding Agent and such Lender.

ARTICLE XV

ASSIGNMENTS

SECTION 15.1 Assignments. The Borrower may not assign its rights or obligations hereunder or any interest herein without the prior written consent of the Administrative Agent and each Funding Agent. The Lenders shall have the right to assign and/or participate their respective Non-Conduit Lender Commitments and Advances with prior notice to the Borrower, but without the consent of the Borrower; provided, however, that, at any time prior to the occurrence of an Event of Default, (a) any assignee or participant shall not be an entity which, at the time of assignment or participation, competes with AerCap in a material manner in the leasing of commercial aircraft unless the Borrower has otherwise consented to such assignee or participant (an assignee or participant meeting such criteria, an "Eligible Assignee"), (b) the indemnities to which any such assignee or participant shall be entitled under Section 6.2 or 6.3 hereof shall not be greater at and as of the time of assignment or participation than the indemnity to which the assignor or participant grantor would have been entitled under Section 6.2 or 6.3 hereof had such assignment or participation not occurred, (c) any assignee shall be a Qualifying Lender, and (d) any assignor shall only be released from its Non-Conduit Lender Commitments to the extent provided in the immediately succeeding sentence. Upon the issuance of a Non-Conduit Lender Commitment to provide a portion of the Class A Advances, Class B Advances or Class C Advances by any assignee of such Non-Conduit Lender Commitment of a Class A Lender, Class B Lender or Class C Lender, which assignee either (A) has a long term debt rating of at least "A" from Standard & Poor's and/or "A2" from Moody's, or a short term debt rating of at least "A-1" from Standard & Poor's and/or "P-1" from Moody's, or (B) has otherwise been consented to by the Borrower (with such consent not to be unreasonably withheld or delayed), such Class A Lender, Class B Lender or Class C Lender shall be released from the portion of its Non-Conduit Lender Commitment in an aggregate amount equal to the Non-Conduit Lender Commitment of such assignee. Notwithstanding the foregoing, UBSRESI shall have the right, at any time, to assign and/or participate its Non-Conduit Lender Commitments and Advances with prior notice to the Borrower, but without the consent of the Borrower, to any Affiliate of UBSRESI that is a Qualifying Lender at the time of such assignment or participation, and/or to any commercial paper conduit, that is a Qualifying Lender at the time of such assignment or participation, and is administered by any Affiliate thereof or administered by any other Person for the exclusive or non-exclusive benefit of any Affiliate of UBSRESI, and UBSRESI shall be released from the portion of its Non-Conduit Lender Commitment in an aggregate amount equal to the Non-Conduit Lender Commitment of the applicable assignee. In addition, any Lender or any of its Affiliates may pledge or assign any of its rights under this Agreement and under the Transaction Documents to any Federal Reserve Bank within the United States, or if a Qualifying Lender at the time of such pledge or assignment, to any liquidity or credit support provider or any commercial paper conduit collateral trustee without notice to or consent of the Borrower or any Funding Agent. In the case of any Lender that is a fund that invests in bank loans, such Lender may, without the consent of Borrower or the Administrative Agent or any Funding Agent, collaterally assign or pledge all or

any portion of its rights under this Agreement and under the Transaction Documents, to any holder of, trustee for, or any other representative of holders of, obligations owed or securities issued, by such fund, as security for such obligations or securities, in each case provided that each such holder is a Qualifying Lender. The parties hereto each acknowledge and agree that a Participant is neither an assignee nor a participant for purposes of this Article XV.

SECTION 15.2 Documentation. The assignor and the assignee involved in an assignment referred to in Section 15.1 shall execute and deliver to the Administrative Agent an Assignment and Assumption, duly executed by each such party, and the assigning Lender shall promptly execute and deliver all further instruments and documents, and take all further action, that the assignee may reasonably request, in order to perfect, protect or more fully evidence the assignee's right, title and interest in, and to enable the assignee to exercise or enforce any rights hereunder or under any applicable Note. The Administrative Agent shall promptly deliver to the Borrower a copy of each Assignment and Assumption that it receives pursuant to the terms of this Section 15.2.

SECTION 15.3 Rights of Assignee. The respective assignee receiving such assignment shall have all of the rights of such Lender hereunder and all references to the Lenders in Section 16.1 shall be deemed to apply to such assignee.

SECTION 15.4 Endorsement. Each Lender authorizes the related Funding Agent to, and each Funding Agent agrees that it shall, endorse any applicable Note to reflect any assignments made pursuant to this Article XV or otherwise (but failure to endorse such Note shall not affect the right of any Lender hereunder).

SECTION 15.5 Registration; Registration of Transfer and Exchange.

(a) Each Funding Agent shall maintain an account or accounts evidencing the indebtedness of the Borrower to each Lender in such Funding Agent's Funding Group resulting from each Advance made by such Lender hereunder, including the amounts of principal and Yield payable and paid to such Lender from time to time hereunder. The entries made in such accounts shall be conclusive and binding for all purposes, absent manifest error. To the extent that any Funding Agent has not requested a Note pursuant to Section 2.5, such Funding Agent shall keep a register (the "Non-Note Register") in which, subject to such reasonable regulations as it may prescribe, such Funding Agent shall provide for the registration of Advances and Non-Conduit Lender Commitments held by any member of the Funding Group related to such Funding Agent and of any transfers of such Advances and Non-Conduit Lender Commitments. Each Funding Agent is hereby appointed "Non-Note Registrar" for the purpose of registering any transfers of Advances and Non-Conduit Lender Commitments held by any member of the Funding Group related to such Funding Agent as herein provided. The entries made in the Non-Note Register by the Non-Note Registrar shall be conclusive and binding for all purposes, absent manifest error.

(b) To the extent that any Funding Agent has requested a Note pursuant to Section 2.5, such Funding Agent shall keep a register (the "Note Register") in which, subject to such reasonable regulations as it may prescribe, such Funding Agent shall provide for the registration of Notes held by the Funding Group related to such Funding Agent and of transfer of such Notes.

Each Funding Agent is hereby appointed "Note Registrar" for the purpose of registering any Notes and transfers of Notes held by the Funding Group related to such Funding Agent as herein provided. The entries made in the Note Register by the Note Registrar shall be conclusive and binding for all purposes, absent manifest error.

(c) With respect to any Lender, the transfer of any commitment of any Lender and the rights to principal of, and interest on, any such commitment shall not be effective until such transfer is recorded on the Note Register or Non-Note Register maintained by the applicable Funding Agent with respect to ownership of such commitments prior to such recordation all amounts owing to the transferor with respect to such commitments shall remain owing to the transferor.

(d) Each Person who has or who acquired a Note, any Advances and/or any Non-Conduit Lender Commitment shall be deemed by the acceptance of acquisition thereof to have agreed to be bound by the provisions of this Section 15.5. No Note, Advances and/or Non-Conduit Lender Commitment may be transferred, and no Funding Agent shall register the transfer of a Note, Advance and/or Non-Conduit Lender Commitment, unless the proposed transferee shall have delivered to such Funding Agent and the Administrative Agent either (i) evidence satisfactory to it that the transfer of such Note, Advance and/or Non-Conduit Lender Commitment is exempt from registration or qualification under the Securities Act of 1933, as amended, and all applicable state securities laws and that the transfer does not constitute a "prohibited transaction" under ERISA or (ii) an express agreement by the proposed transferee to be bound by and to abide by the provisions of this Section 15.5 and, if applicable, the restrictions noted on the face of such Note.

(e) At the option of the holder thereof, any Note may be exchanged for one or more new Notes of any authorized denominations and of a like Class and aggregate principal amount at an office or agency of the applicable Funding Agent. Whenever any Notes are so surrendered for exchange, the Borrower shall execute and the applicable Funding Agent shall authenticate and deliver the new Notes which the holder making the exchange is entitled to receive.

(f) Upon surrender for registration of transfer of any Note at an office or agency of the applicable Funding Agent, the Borrower shall, at the request of such Funding Agent, execute and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations and of a like Class and aggregate principal amount.

(g) All Notes issued upon any registration of transfer or exchange of any Note in accordance with the provisions of this Agreement shall be the valid obligations of the Borrower, evidencing the same debt, and entitled to the same benefits under this Agreement, as the Note(s) surrendered upon such registration of transfer or exchange.

(h) Every Note presented or surrendered for registration of transfer or for exchange shall (if so required by the Borrower or the

applicable Funding Agent) be fully endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Note Registrar, duly executed by the holder thereof or his attorney duly authorized in writing. Each such Note shall be accompanied by a statement providing the name of the transferee and indicating whether the

transferee is subject to income tax backup withholding requirements and whether the transferee is the sole beneficial owner of such Notes.

(i) No service charge shall be made for any registration of transfer or exchange of Notes, but the Borrower may require payment from the transferee holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer of exchange of Notes, other than exchanges pursuant to this Section 15.5.

(j) The holders of the Notes shall be bound by the terms and conditions of this Agreement.

SECTION 15.6 Mutilated, Destroyed, Lost and Stolen Notes.

(a) If any mutilated Note is surrendered to the applicable Funding Agent, the Borrower shall, at the request of such Funding Agent, execute and the applicable Funding Agent shall authenticate and deliver in exchange therefor a new Note of like Class and tenor and principal amount and bearing a number not contemporaneously outstanding.

(b) If there shall be delivered to the Borrower and the applicable Funding Agent prior to the payment of any Note (i) evidence to their satisfaction of the destruction, loss or theft of such Note and (ii) such security or indemnity as may be required by them to save each of them and any agent of either of them harmless, then, in the absence of notice to the Borrower or the applicable Funding Agent that such Note has been acquired by a bona fide purchaser, the Borrower shall, at the request of such Funding Agent, execute and the applicable Funding Agent shall authenticate and deliver, in lieu of any such destroyed, lost or stolen Note, a new Note of like class, tenor and principal amount and bearing a number not contemporaneously outstanding.

(c) Upon the issuance of any new Note under this Section 15.6, the Borrower may require the payment from the transferor holder of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the applicable Funding Agent) connected therewith.

(d) Every new Note issued pursuant to this Section 15.6 and in accordance with the provisions of this Agreement, in lieu of any destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Borrower, whether or not the destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Agreement equally and proportionately with any and all other Notes duly issued hereunder.

(e) The provisions of this Section 15.6 are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

SECTION 15.7 Persons Deemed Owners. The Borrower, any Service Provider, the applicable Funding Agent, the Administrative Agent and any agent of the Borrower, a Service Provider, the applicable Funding Agent or the Administrative Agent may treat the holder of any Note as the owner of such Note for all purposes whatsoever, whether or not such Note may be overdue, and none of the Borrower, any Service Provider, the applicable Funding Agent, the

Administrative Agent and any agent of the Borrower, a Service Provider, the applicable Funding Agent, or the Administrative Agent shall be affected by notice to the contrary.

SECTION 15.8 Cancellation. All Notes surrendered for payment or registration of transfer or exchange shall be delivered to the applicable Funding Agent, and shall be promptly canceled by it and may be destroyed pursuant to the applicable Funding Agent's securities retention policies. The Borrower shall promptly deliver to the applicable Funding Agent for cancellation any Notes previously authenticated and delivered hereunder which the Borrower may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly canceled by the applicable Funding Agent. No Notes shall be authenticated in lieu of or in exchange for any Notes canceled as provided in this Section 15.8, except as expressly permitted by this Agreement.

ARTICLE XVI

INDEMNIFICATION

SECTION 16.1 General Indemnity of the Borrower. Without limiting any other rights which any such Person may have hereunder or under applicable law, the Borrower hereby agrees to indemnify the Administrative Agent, the Collateral Agent, each Funding Agent on behalf of the members in the related Funding Group, each Lender and each of their respective Affiliates, and each of their respective successors, transferees, participants and assigns (and successors, transferees, participants and assigns thereof) and all officers, directors, shareholders, controlling Persons, employees and agents of any of the foregoing (each of the foregoing Persons being individually called an "Indemnified Party"), forthwith on demand, from and against any and all damages, losses, claims, liabilities and related costs and expenses, including reasonable attorneys' fees and disbursements (all of the foregoing being collectively called "Indemnified Amounts") awarded against or incurred by any of them arising out of or relating to any Transaction Document or the

transactions contemplated thereby or the use of proceeds therefrom by the Borrower, including (without limitation) in respect of the funding of any Advance or in respect of any Aircraft, excluding, however, (a) Indemnified Amounts to the extent determined by a final non-appealable decision of a court of competent jurisdiction to have resulted from gross negligence or willful misconduct on the part of any Indemnified Party or its Affiliate, (b) any Taxes, loss of Tax benefits, or costs incurred in contesting any Taxes or loss of Tax benefits (the related indemnities for which are set out solely in Section 6.3 of this Agreement), (c) any Indemnified Amounts the liabilities for which are explicitly set out in another provision of this Agreement or the Transaction Documents, including costs and expenses covered by Section 17.4 of this Agreement, and (d) any Indemnified Amounts that constitute a cost or expense that is required to be borne by any Indemnitee pursuant to any other explicit provision of the Transaction Documents. Without limiting the foregoing, but subject to the exclusions described in clauses (a), (b), (c) and (d) above, the Borrower agrees to indemnify each Indemnified Party for Indemnified Amounts arising out of or relating to:

(i) the grant of a security interest to the Collateral Agent (for the benefit of the Lenders);

(ii) the breach of any representation or warranty made by the Borrower, any Service Provider, any Borrower Subsidiary (or any of their respective officers) under or in connection with this Agreement or the other Transaction Documents, any Quarterly Report, Monthly Report, officer's certificate or any other information, report or certificate delivered by the Borrower or any Service Provider pursuant hereto or thereto, which shall have been false or incorrect in any material respect when made or deemed made;

(iii) the failure by the Borrower, any Service Provider or any Borrower Subsidiary to comply in any material way with any applicable law, rule or regulation with respect to any Aircraft or Lease, or the nonconformity of any Aircraft or Lease with any such applicable law, rule or regulation;

(iv) the failure to vest and maintain vested in the Collateral Agent, for the benefit of the Lenders, a first-priority security interest in all the Borrower Collateral, free and clear of any Adverse Claim;

(v) the failure to file, or any delay in filing, financing statements or other similar instruments or documents under the UCC of any applicable jurisdiction or other applicable laws with respect to any Borrower Collateral;

(vi) any dispute, claim, offset or defense (other than discharge in bankruptcy) of an Obligor to the payment of any Lease (including, without limitation, a defense based on such Lease not being a legal, valid and binding obligation of such Obligor enforceable against it in accordance with its terms);

(vii) the commingling of the proceeds of the Aircraft, the Leases or any other Borrower Collateral at any time with other funds;

(viii) any investigation, litigation or proceeding related to this Agreement or the use of proceeds of Advances or the Ownership of the Aircraft, the Leases or any other Borrower Collateral;

(ix) any failure of the Borrower, any Service Provider, or any Borrower Subsidiary to comply with its covenants contained in this Agreement or any other Transaction Document; or

(xi) any claim brought by any Person other than an Indemnified Party arising from any activity by the Borrower, any Service Provider, or any Borrower Subsidiary or any Affiliate of any of them in servicing, administering or collecting any Aircraft or Lease.

SECTION 16.2 Waiver of Consequential Damages, Etc. To the fullest extent permitted by any applicable Requirement of Law, none of the Borrower, the Service Providers, or any Borrower Subsidiary shall assert, and each of them hereby waives, any claim against any Indemnified Party, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to direct or actual damages) arising out of, in connection with, or as a

result of, this Agreement, any other Transaction Document or any agreement or instrument contemplated hereby, the transactions contemplated hereby or thereby, any Advance or the use of the proceeds thereof. No Indemnified Party shall be liable for any damages arising from the use by unintended recipients of any information or other materials distributed by it through telecommunications, electronic or other information transmission systems in connection with this Agreement or the other Transaction Documents or the transactions contemplated hereby or thereby.

ARTICLE XVII

MISCELLANEOUS

SECTION 17.1 No Waiver; Remedies. Neither the execution and delivery of this Agreement nor any failure on the part of any Lender, the Administrative Agent, the Collateral Agent, any Funding Agent, any Indemnified Party or any Affected Party to exercise, nor any delay by any such Person in exercising, any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise by any such Person of any right, power or remedy hereunder preclude any other or further exercise thereof, or the exercise

of any other right, power or remedy. The remedies herein provided are cumulative and not exclusive of any remedies provided by law. Without limiting the foregoing, each Lender is hereby authorized by the Borrower at any time and from time to time, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other Indebtedness at any time owing by such Lender to or for the credit or the account of the Borrower against any and all obligations of the Borrower, now or hereafter existing under this Agreement, to the Administrative Agent, any Affected Party, any Indemnified Party or any Lender or their respective successors and assigns.

SECTION 17.2 Amendments, Waivers. Neither this Agreement nor any other Transaction Document, nor any provision hereof or thereof, may be waived, amended, supplemented or modified except, in each case, with the written consent of the Class Majority Lenders and Administrative Agent; provided, however, that no such waiver, amendment, supplement or modification shall be effective if the effect thereof would:

(i) waive, amend, supplement or modify any provision set forth in any of the following definitions without the consent of each of the Lenders: Additional Advance Commitment Period, Amortization Period, Class A Advances Limit, Class A Borrowing Base, Class A Borrowing Base Deficiency, Class B Advances Limit, Class B Borrowing Base, Class B Borrowing Base Deficiency, Class C Advances Limit, Class C Borrowing Base, Class C Borrowing Base Deficiency, Conversion Date, Facility Termination Date, Initial Class A Borrowing Base, Initial Class B Borrowing Base, Initial Class C Borrowing Base, Initial Liquidity Reserve Amount, Initial Class C Reserve Amount, Required Liquidity Reserve Amount, Required Class C Reserve Amount, Maximum Aggregate Principal Amount, Maximum Class A Principal Amount, Maximum Class B Principal Amount and Maximum Class C Principal Amount;

(ii) reduce the principal amount of any Advance or reduce the Yield payable in respect thereof, or reduce any fee payable hereunder, or change the form or currency of payment of any Obligation, without the written consent of each Lender affected thereby;

(iii) (A) change the Stated Maturity Date or any scheduled date of payment of any Class A Scheduled Principal Payment, Class B Scheduled Principal Payment or Class C Scheduled Principal Payment, (B) postpone the date for payment of any Obligation hereunder or (C) change the amount of, waive or excuse any such payment, without the written consent of each Lender affected thereby;

(iv) increase the maximum duration of Interest Periods hereunder, without the written consent of each Lender affected thereby;

(v) permit the assignment or delegation by AerCap, the Borrower or any of the Borrower Subsidiaries of any of its respective rights or obligations under any Transaction Document (except as delegated pursuant to the Service Provider Agreements), without the written consent of each Lender;

(vi) release any material portion of the Collateral from the Lien of the Security Trust Agreement (other than in connection with a transfer, sale or other disposition permitted under Section 10.8 hereof or as otherwise provided in or contemplated by the Transaction Documents), or alter the relative priorities of the Obligations entitled to the Liens of the Security Trust Agreement, without the consent of each Lender;

(vii) change the amount of, or order of priority in which, payments of funds on deposit in the Collection Account, or the proceeds of draws from the Liquidity Reserve Account, are to be applied in accordance with the terms hereof, without the written consent of each Lender affected thereby;

(viii) change any provision in Section 4.4 or any other provision hereof in any manner which would alter the pro rata allocation among the Lenders, Class A Lenders, Class B Lenders or Class C Lenders, respectively, of Advances to be made hereunder or repayments in respect thereof, in each case without the written consent of each Lender affected thereby;

(ix) change any provision of this Section 17.2, without the consent of each Lender affected thereby;

(x) change the percentage set forth in the definition of Class Majority Lenders, Class A Majority Lenders, Class B Majority Lenders, Class C Majority Lenders or Funding Group Majority Lenders, without the written consent of each Lender affected thereby;

(xi) change or waive any provision of Article XIV as the same applies to any Administrative Agent, or any other provision hereof as the same applies to the rights or obligations of any Administrative Agent, in each case without the written consent of such Administrative Agent;

(xii) change or waive any provision of Article XIVA as the same applies to any Funding Agent, or any other provision hereof as the same applies to the rights or obligations of any Funding Agent, in each case without the written consent of such Funding Agent; or

(xiii) change or waive any provision hereof as the same applies to the rights or obligations of the Administrative Agent, in each case without the written consent of such Administrative Agent.

The Borrower and the Service Providers agree to make such amendments to this Agreement from time to time as may be necessary to evidence the addition of a new Lender in any Funding Group or the addition of an Other Funding Group hereunder.

SECTION 17.3 Notices, Etc.

(a) Generally. Except in the case of notices and other communications expressly permitted to be given by telephone (and except as provided in paragraph (b) below), all notices and other communications provided for herein shall be in writing and shall be delivered by hand or overnight courier service or sent by telecopier, to the intended party at the address or telecopier number of such party set forth under its name on the signature pages hereof or at such other address or telecopier number as shall be designated by such party in a written notice to the other parties hereto. Notices sent by hand or overnight courier service shall be deemed to have been given when received; notices sent by telecopier shall be deemed to have been given when sent (except that, if not given during normal business hours for the recipient, shall be deemed to have been given at the opening of business on the next business day for the recipient). Notices delivered through electronic communications to the extent provided in paragraph (b) below, shall be effective as provided in said paragraph (b).

(b) Electronic Communications. Notices and other communications to the Lenders hereunder may (subject to Section 17.3(c)) be delivered or furnished by electronic communication (including e mail and Internet or intranet websites); provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent, the Trustee, the Borrower or the Servicer may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved by it (including as set forth in Section 17.3(c)); provided that approval of such procedures may be limited to particular notices or communications.

Unless the Administrative Agent or a Funding Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgment from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgment); provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended

recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

(c) Posting. Each of the Borrower and the Service Providers hereby agrees that it will provide to the Administrative Agent and each Funding Agent all information, documents and other materials that it is obligated to furnish to such Person pursuant to this Agreement and any other Transaction Document, including all notices, requests, financial statements, financial and other reports, certificates and other information materials, but excluding any such communication that (i) relates to a request for an Advance, (ii) relates to the payment of any principal or other amount due under this Agreement prior to the scheduled date therefor, (iii) provides notice of any Default under this Agreement or (iv) is required to be delivered to satisfy any condition precedent to the effectiveness of this Agreement and/or any borrowing or other extension of credit hereunder (all such non-excluded communications, collectively, the "Communications"), by transmitting the Communications in an electronic/soft medium in a format reasonably acceptable to such Person at the e-mail address of such party set forth under its name on the signature pages hereof or at such other e-mail address(es) provided to the Service Providers or the Borrower from time to time or in such other form, including hard copy delivery thereof, as such Person shall require. In addition, each of the Borrower and the Service Providers agrees to continue to provide the Communications to such Person in the manner specified in this Agreement or any other Transaction Document or in such other form, including hard copy delivery thereof, as such Person shall require. Nothing in this Section 17.3 shall prejudice the right of any party hereto to give any notice or other communication pursuant to this Agreement or any other Transaction Document in any other manner specified in this Agreement or any other Transaction Document or as any such party shall require. Also, nothing in this Section 17.3 shall be interpreted as requiring any Borrower Group Member or the Servicer to provide copies of Leases in a manner that would disclose Lease rentals thereon, although copies of Leases with rental redacted, and other portfolio information may be provided.

Each of the Borrower and the Service Providers further agrees that the Administrative Agent and the Funding Agents may make the Communications available to the Lenders by posting the Communications on Intralinks or a substantially similar electronic transmission system (the "Platform"). The Platform is provided "as is" and "as available." None of the Administrative Agent or the Funding Agents warrant the accuracy or completeness of the Communications, or the adequacy of the Platform and they expressly disclaim liability for errors or omissions in the communications. No warranty of any kind, express, implied or statutory, including, without limitation, any warranty of merchantability, fitness for a particular purpose, non-infringement of third party rights or freedom from viruses or other code defects, is made by any of them in connection with the Communications or the Platform. In no event shall any of them have any liability to the Borrower, any Service Provider, or any of their Affiliates, any Lender or any other person for damages of any kind, including direct or indirect, special, incidental or consequential damages, losses or expenses (whether in tort, contract or otherwise) arising out of any transmission of communications through the Internet, except to the extent the liability of such person is found in a final non-appealable judgment by a court of competent jurisdiction to have resulted from such person's gross negligence or willful misconduct.

SECTION 17.4 Costs and Expenses. In addition to the rights of indemnification granted under Section 16.1, the Borrower agrees to pay on demand, at any time on or after the Closing Date, all costs and expenses (other than with respect to Taxes, the indemnities for which are set out solely in Section 6.3 of this Agreement) in connection with the preparation, execution, delivery and administration of this Agreement, the other Transaction Documents, and the other documents and agreements to be delivered hereunder, and any amendments, waivers or consents executed in connection with this Agreement and/or the other Transaction Documents, including, without limitation, (i) the reasonable legal fees and disbursements of Kaye Scholer LLP, counsel to the Administrative Agent, the initial Funding Agents hereunder and the initial Lenders hereunder, (ii) the other reasonable out-of-pocket costs and expenses of the Administrative Agent, the Funding Agents and the Lenders (the "Credit Parties"), including, without limitation, due diligence expenses, and printing, reproduction, document delivery and communication costs, each as incurred in connection with the transactions contemplated hereunder, or the preparation, review, negotiation, execution and delivery and/or enforcement of the Transaction Documents (but excluding legal fees and disbursements for any counsel other than the counsel described in clause (i) above), (iii) any amendments, waivers and consents (but not any assignments or participation agreements) executed in connection with the Transaction Documents, (iv) all costs and expenses, if any (including counsel fees and expenses), of the Credit Parties, in connection with the enforcement of the Transaction Documents, and (v) all costs and expenses (including counsel fees and expenses) of the Collateral Agent and the Account Bank. The Borrower shall pay all amounts under this Section 17.4 from time to time upon demand pursuant to the Flow of Funds and after the Borrower and the Service Providers have been furnished with reasonably detailed evidence thereof. The Borrower's obligations under this paragraph shall survive any termination of this Agreement.

SECTION 17.5 Binding Effect; Survival. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, and the provisions of Article VI, Article XI and Article XVI shall inure to the benefit of the Indemnified Parties, respectively, and their respective successors and assigns; provided, however, nothing in the foregoing shall be deemed to authorize any assignment not permitted by Article XV. This Agreement shall create and constitute the continuing obligations of the parties hereto in accordance with its terms, and shall remain in full force and effect until such time, after the Facility Termination Date when all Obligations have been finally and fully paid and performed. The rights and remedies with respect to any breach of any representation and warranty made by the Borrower pursuant to Article IX and the indemnification and payment provisions of Article VI and Article XVI and Section 17.4 shall be continuing and shall survive any termination of this Agreement and any termination of any member of the AerCap Group's rights to act as a Service Provider hereunder or under any other Transaction Document.

SECTION 17.6 Captions and Cross References. The various captions (including, without limitation, the table of contents) in this Agreement are provided solely for convenience of reference and shall not affect the meaning or interpretation of any provision of this Agreement. Unless otherwise indicated, references in this Agreement to any Section, Schedule or Exhibit are to such Section of or Schedule or Exhibit to this Agreement, as the case may be, and references in any Section, subsection, or clause to any subsection, clause or subclause are to such subsection, clause or subclause of such Section, subsection or clause.

SECTION 17.7 Severability. Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

SECTION 17.8 Governing Law; Venue.

(a) **THIS AGREEMENT SHALL IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION, EXCEPT TO THE EXTENT THAT THE PERFECTION OF THE INTERESTS OF THE COLLATERAL AGENT FOR THE BENEFIT OF THE LENDERS IN THE BORROWER COLLATERAL, THE PARENT COLLATERAL, OR REMEDIES HEREUNDER, IN RESPECT THEREOF, ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK.**

(b) **EACH PARTY TO THIS AGREEMENT HEREBY WAIVES ANY OBJECTION WHICH IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUIT, LEGAL ACTION OR PROCEEDING ARISING DIRECTLY OR INDIRECTLY UNDER OR RELATING TO THIS AGREEMENT IN ANY COURT LOCATED IN THE BOROUGH OF MANHATTAN, CITY AND STATE OF NEW YORK AND HEREBY FURTHER WAIVES ANY CLAIM THAT A COURT LOCATED IN THE BOROUGH OF MANHATTAN, CITY AND STATE OF NEW YORK IS NOT A CONVENIENT FORUM FOR ANY SUCH SUIT, LEGAL ACTION OR PROCEEDING.**

(c) **EACH OF THE BORROWER AND THE SERVICE PROVIDERS, AGREES THAT THE PROCESS BY WHICH ANY SUIT, ACTION OR PROCEEDING IS BEGUN MAY BE SERVED ON IT BY BEING DELIVERED IN CONNECTION WITH ANY SUIT, ACTION OR PROCEEDING IN THE CITY OF NEW YORK TO NATIONAL REGISTERED AGENTS, INC., WITH AN OFFICE ON THE DATE HEREOF AT 875 AVENUE OF THE AMERICAS, SUITE 501, NEW YORK, NEW YORK 10001, AND EACH OF THEM HEREBY APPOINTS NATIONAL REGISTERED AGENTS, INC. ITS DESIGNEE, APPOINTEE AND AGENT TO RECEIVE, ACCEPT AND ACKNOWLEDGE FOR AND ON ITS BEHALF SUCH SERVICE OF LEGAL PROCESS.**

SECTION 17.9 Counterparts.

(a) Counterparts; Effectiveness. This Agreement may be executed in counterparts (and by different parties hereto in different counterparts), each of which shall constitute an original, but all of which when taken together shall constitute a single contract. This Agreement shall become effective when it shall have been executed by the Administrative Agent and when the Administrative Agent shall have received counterparts hereof that, when taken together, bear the signatures of each of the other parties hereto. Delivery of an executed counterpart of a signature

page of this Agreement by telecopier shall be effective as delivery of a manually executed counterpart of this Agreement.

(b) Electronic Execution of Assignments. The words "execution," "signed," "signature," and words of like import in any Transaction Document shall be deemed to include electronic signatures or the keeping of records in electronic form, each of which shall be of the same legal effect, validity or enforceability as a manually executed signature or the use of a paper-based recordkeeping system, as the case may be, to the extent and as provided for in any applicable Requirement of Law, including the Federal Electronic Signatures in Global and National Commerce Act, the New York State Electronic Signatures and Records Act, or any other similar state laws based on the Uniform Electronic Transactions Act.

SECTION 17.10 WAIVER OF JURY TRIAL. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES ANY RIGHTS IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER TRANSACTION DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF THE BORROWER, THE ADMINISTRATIVE AGENT, THE LENDERS OR ANY OTHER AFFECTED PERSON OR INDEMNIFIED PARTY. THE BORROWER ACKNOWLEDGES AND AGREES THAT IT HAS RECEIVED FULL AND SUFFICIENT CONSIDERATION FOR THIS PROVISION (AND EACH OTHER PROVISION OF EACH OTHER TRANSACTION DOCUMENT TO WHICH IT IS A PARTY) AND THAT THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE ADMINISTRATIVE AGENT AND THE LENDERS ENTERING INTO THIS AGREEMENT AND EACH SUCH OTHER TRANSACTION DOCUMENT.

SECTION 17.11 Third Party Beneficiary. This Agreement shall only inure to the benefit of and be binding upon the parties hereto and their respective successors and permitted assigns and no third party is entitled to benefit from this Agreement or the terms hereof.

SECTION 17.12 No Proceedings. Each of the Service Providers and the Collateral Agent agrees that it will not institute against the Borrower or any Borrower Subsidiary, or join any other Person in instituting against the Borrower or any Borrower Subsidiary, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as, any Advances or other amounts due from the Borrower hereunder shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such Advances or other amounts shall be outstanding. Each of the Service Providers, the Collateral Agent, each Lender, the Administrative Agent, each Funding Agent and any assignee or other holder of a Note hereby agrees that it will not institute against any Other Conduit, or join any other Person in instituting against any Other Conduit, any insolvency proceeding (namely, any proceeding of the type referred to in the definition of Event of Bankruptcy) so long as any commercial paper or other senior indebtedness issued by such Other Conduit, as applicable, shall be outstanding or there shall not have elapsed one year plus one day since the last day on which any such commercial paper or other senior indebtedness shall be outstanding.

The foregoing shall not limit such Person's right to file any claim in or otherwise take any action with respect to any insolvency proceeding that was instituted by any Person other than such Person.

SECTION 17.13 ENTIRE AGREEMENT. THIS AGREEMENT AND THE OTHER TRANSACTION DOCUMENTS EXECUTED AND DELIVERED HEREWITH REPRESENT THE FINAL AGREEMENT BETWEEN THE PARTIES HERETO AND THERETO AND MAY NOT BE CONTRADICTED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS OR SUBSEQUENT ORAL AGREEMENTS OF THE PARTIES. THERE ARE NO UNWRITTEN ORAL AGREEMENTS AMONG THE PARTIES.

SECTION 17.14 Resolution of Drafting Ambiguities. Each of the Borrower and the Service Providers acknowledges and agrees that it was represented by counsel in connection with the execution and delivery of the Transaction Documents to which it is a party, that it and its counsel reviewed and participated in the preparation and negotiation hereof and thereof and that any rule of construction to the effect that ambiguities are to be resolved against the drafting party shall not be employed in the interpretation hereof or thereof.

SECTION 17.15 Confidentiality.

(a) Unless otherwise required by applicable law, the Borrower and the Service Providers each agrees to maintain the confidentiality of the financial terms and conditions of this Agreement, the other Transaction Documents and the transactions contemplated hereby and thereby and the identity of the parties hereto, to the other Transaction Documents and otherwise participating in such transactions; *provided*, that this Agreement may be disclosed to (i) third parties to the extent such disclosure is made pursuant to a written agreement of confidentiality in form and substance reasonably satisfactory to the Administrative Agent and each Funding Agent, (ii) the Borrower's legal counsel and auditors and (iii) any Government Entity if required by law.

(b) Each of the Administrative Agent, each Funding Agent, the Collateral Agent, the Account Bank (in each case, for itself and not on behalf of any Lender or other party hereto) and each of the Lenders agrees to maintain the confidentiality of the Information (as defined below), except that Information may be disclosed (a) to its Affiliates and to its and its Affiliates' respective partners, directors, officers, employees, agents, advisors and other representatives (it being understood that the persons to whom such disclosure is made will be informed of the confidential nature of such Information and instructed to keep such Information confidential), (b) to the extent requested by any regulatory authority purporting to have jurisdiction over it (including the Japanese central bank, in the case of a Lender organized under the laws of Japan, or any self-regulatory authority, such as the National Association of Insurance Commissioners), (c) to the extent required by applicable Requirements of Law or by any subpoena or similar legal process, (d) to any other party hereto, (e) in connection with the exercise of any remedies hereunder or under any other Transaction Document or any action or proceeding relating to this Agreement or any other Transaction Document or the enforcement of rights hereunder or thereunder, (f) subject to an agreement containing provisions substantially the same as those of this Section 17.15(b), to (i) any assignee of or participant in (and including a Participant), or any prospective assignee of or participant in (including a prospective Participant), any of its rights or obligations under this Agreement, (ii) any actual or prospective counterparty (or its advisors) to

any swap or derivative transaction relating to the Borrower and its obligations or (iii) any rating agency for the purpose of obtaining a credit rating applicable to any Lender, (g) to the Borrower, any member of the AerCap Group or any of their respective Subsidiaries or (h) to the extent such Information (x) becomes publicly available other than as a result of a breach of this Section 17.15(b) or (y) becomes available to the Administrative Agent, any Funding Agent, the Collateral Agent, the Account Bank, any Lender or any of their respective Affiliates on a nonconfidential basis from a source other than a member of the AerCap Group, the Borrower, a Service Provider or any of their respective Subsidiaries. For purposes of this Section, "Information" means all information received from AerCap or any member of the AerCap Group, the Borrower or any of their respective Subsidiaries relating to AerCap, the AerCap Group, the Borrower or any of their respective Subsidiaries or any of their respective businesses, other than any such information that is available to the Administrative Agent, any Funding Agent, the Collateral Agent, the Account Bank or any Lender on a nonconfidential basis prior to disclosure by AerCap, any member of the AerCap Group, the Borrower or any of their respective Affiliates. Any person required to maintain the confidentiality of Information as provided in this Section 17.15(b) shall be considered to have complied with its obligation to do so if such person has exercised the same degree of care to maintain the confidentiality of such Information as such person would accord to its own confidential information.

SECTION 17.16 USA Patriot Act Notice. The Administrative Agent, each Funding Agent (in each case, for itself and not on behalf of any Lender) and each Lender hereby notifies the Borrower and AerCap that pursuant to the requirements of the Patriot Act, such Person is required to obtain, verify, and record information that identifies the Borrower and AerCap, which information includes the name and address of the Borrower and AerCap and other information that will allow such Person to identify the Borrower and AerCap in accordance with the Patriot Act.

SECTION 17.17 Collateral Agent/Account Bank Notice. To help fight the funding of terrorism and money laundering activities, the Collateral Agent and the Account Bank will obtain, verify and record information identifies individuals or entities that establish a relationship or open an account with the Collateral Agent and/or Account Bank. The Collateral Agent and Account Bank will ask for the name, address, tax identification number and other information that will allow either of them to identify the individual or entity who is establishing the relationship or opening the account. The Collateral Agent and Account Bank may also ask for formation documents such as articles of incorporation, an offering memorandum, or other identifying documents to be provided.

SECTION 17.18 Collateral Agent/Account Protections. The rights, protections and indemnities of the Collateral Agent as set forth in the Security Trust Agreement shall be incorporated herein for the benefit of the Collateral Agent and the Account Bank, as applicable, as though explicitly set forth herein.

[Signature pages to follow.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their respective officers thereunto duly authorized as of the day and year first above written.

AERFUNDING 1 LIMITED, as Borrower

By: /s/ Jonathan Law
Name: JONATHAN LAW
Title: DIRECTOR

AerFunding 1 Limited
Clarendon House
2 Church Street
Hamilton, HM 11
Bermuda
Facsimile No.: 441 -292-4720 / 295-1861

with a copy to:

AerCap Administrative Services Limited
AerCap House
Shannon
Ireland
Attention: Company Secretary
Facsimile No.: +353 61 723850

AERCAP LRELAND LIMITED

By: /s/ Sen Brennan
Name: Sen Brennan
Title: Director

AerCap Ireland Limited
AerCap House
Shannon
Ireland
Attention: Company Secretary
Facsimile No.: +353 61 723850

AERCAP ADMINISTRATIVE SERVICES LIMITED

By: /s/ Sen Brennan
Name: Sen Brennan
Title: Director

AerCap Administrative Services Limited
AerCap House
Shannon
Ireland
Attention: Company Secretary
Facsimile No.: +353 61 723850

AERCAP CASH MANAGER I1 LIMITED

By: /s/ Sen Brennan
Name: Sen Brennan
Title: Director

AerCap Cash Manager II Limited
AerCap House
Shannon
Ireland
Attention: Company Secretary
Facsimile No.: : +353 61 723850

UBS REAL ESTATE SECURITIES INC., as a
UBS Non-ConduLLender and Class A Lender

By: /s/ Prakash Wadhwani
Name: Prakash Wadhwani
Title: Director

By: /s/ Shahid Quraishi

Name: SHAHID QURAISHI
Title: Managing Director

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Prakash Wadhwani
Telephone No.: 212-713-3983
Facsimile No.: 212-713-7999
e-mail: Prakash.Wadhwani@ubs.com

with a copy to:

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Kathy Pringle
Telephone No.: 212-713-9750
e-mail: Kathy-K.Pringle@ubs.com

with a further copy to:

677 Washington Blvd., 6th floor tower
Stamford, CT 06901
Attention: Marc Ferrante
Telephone No.: 203-719-1251
e-mail: DL-RESIFUNDING@ubs.com

UBS SECURITIES LLC, as Administrative Agent
and as UBS Funding Agent

By: /s/ Prakash Wadhwani
Name: Prakash Wadhwani
Title: Director

By: /s/ Mostafiz Shah Mohammed
Name: MOSTAFIZ SHAH MOHAMMED
Title: Executive Director

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Prakash Wadhwani
Telephone No.: 212-713-3983
Facsimile No.: 212-713-7999
e-mail: Prakash. Wadhwani@ubs.com

with a copy to:

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Kathy Pringle
Telephone No.: 212-713-9750
e-mail: Kathy-K.Pringle@ubs.com

with a further copy to:

677 Washington Blvd., 6th floor tower
Stamford, CT 06901
Attention: Marc Ferrante
Telephone No.: 203-719-1251
e-mail: DL-RESIFUNDING@ubs.com

UBS REAL ESTATE SECURITIES INC., as a
UBS Non-Conduit Lender and Class B Lender

By: /s/ Prakash Wadhwani
Name: Prakash Wadhwani
Title: Director

By: /s/ Shahid Quraishi
Name: SHAHID QURAISHI
Title: Managing Director

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Prakash Wadhwani
Telephone No.: 212-713-3983
Facsimile No.: 212-713-7999
e-mail: Prakash.Wadhwani@ubs.com

with a copy to:

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Kathy Pringle
Telephone No.: 212-713-9750
e-mail: Kathy-K.Pringle@ubs.com

with a further copy to:

677 Washington Blvd., 6th floor tower
Stamford, CT 06901
Attention: Marc Ferrante
Telephone No.: 203-719-1251
e-mail: DL-RESIFUNDING@ubs.com

UBS REAL ESTATE SECURITIES INC., as a
UBS Non-Conduit Lender and Class C Lender

By: /s/ Prakash Wadhwani
Name: Prakash Wadhwani
Title: Director

By: /s/ Shahid Quraishi
Name: SHAHID QURAISHI
Title: Managing Director

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Prakash Wadhwani
Telephone No.: 212-713-3983
Facsimile No.: 212-713-7999
e-mail: Prakash.Wadhwani@ubs.com

with a copy to:

1285 Avenue of the Americas - 11th Floor
New York, NY10019
Attention: Kathy Pringle
Telephone No.: 212-713-9750
e-mail: Kathy-K.Pringle@ubs.com

with a further copy to:

677 Washington Blvd., 6th floor tower
Stamford, CT 06901
Attention: Marc Fenante
Telephone No.: 203-719-1251
e-mail: DL-RESIFUNDING@ubs.com

DEUTSCHE BANK TRUST COMPANY AMERICAS,
as Collateral Agent and as Account Bank

By: /s/ Eileen M. Hughes
Name: EILEEN M. HUGHES
Title: VICE PRESIDENT

By: /s/ [ILLEGIBLE]
Name:
Title:

60 Wall Street - 26th Floor
New York, NY 10005
Attention: Trust and Securities/Structured Finalee Services
Facsimile No.: 1-908-608-3215

Appendix I

Portfolio Limitations and Eligible Aircraft

TABLE 1

Aircraft Type	Category	Maximum Aircraft Type Concentration Percentage*	Maximum Age (in months)*
A319-100	1	75%	96-120
A320-200 (A1 Engine)	2	25%	120-189
A320-200 (Non A1 Engine)***	1	75%	96-120
A321-200	1	25-35%	96-120
B737-300	2	20-35%	144-189
B737-300F	2	20-35%	60-84**
B737-400	2	20-35%	144-189
B737-400F	2	20-35%	60-84**
B737-500	3	20-35%	144-180
B737-700	1	75%	96-120
B737-800	1	75%	96-120
B747-400F	2	10-15%	60-84**
B757-200Pax	3	10-20%	144-180
B757-200F	2	20-30%	60-84**
B767-300ER	3	15-20%	144-180
B777-200ER	2	25%	96-120
B777-300ER	2	25%	96-120
A330-200	2	15%	96-144
A330-300	3	5-10%	96-144
MD-11F	3	10-15%	60-84**

* Ranges are listed due to their relevance to Advance Rate Adjustment provisions
** Aircraft Age from Freighter Conversion Effective Date
*** A320-200 (Non A1 Engine) older than 120 months of age shall be treated thereafter as an A320-200 (A1 Engine)

Base Advance Rates:

TABLE 2

Aircraft Type	Category	Class A Advance Rate before Critical Mass	Class A Advance Rate after Critical Mass	Class B Advance Rate before Critical Mass	Class B Advance Rate after Critical Mass	Class C Advance Rate before Critical Mass	Class C Advance Rate after Critical Mass
A319-100	1	62%	67%	72%	77%	80%	85%
A320-200 (A1 Engine)	2	57%	62%	67%	72%	75%	80%
A320-200 (Non A1 Engine) ***	1	62%	67%	72%	77%	80%	85%
A321-200	1	62%	67%	72%	77%	80%	85%
B737-300	2	57%	62%	67%	72%	75%	80%
B737-300F	2	57%	62%	67%	72%	75%	80%
B737-400	2	57%	62%	67%	72%	75%	80%
B737-400F	2	57%	62%	67%	72%	75%	80%
B737-500	3	51%	56%	61%	66%	69%	74%
B737-700	1	63%	68%	73%	78%	81%	86%
B737-800	1	63%	68%	73%	78%	81%	86%
B747-400F	2	58%	63%	68%	73%	76%	81%
B757-200Pax	3	52%	57%	62%	67%	70%	75%
B757-200F	2	60%	65%	70%	75%	78%	83%
B767-300ER	3	51%	56%	61%	66%	69%	74%
B777-200ER	2	58%	63%	68%	73%	76%	81%
B777-300ER	2	58%	63%	68%	73%	76%	81%
A330-200	2	56%	61%	66%	71%	74%	79%
A330-300	3	49%	54%	59%	64%	67%	72%
MD-11F	3	49%	54%	59%	64%	67%	72%

*** see previous page legend

[continues next page]

Geographical Diversification:

Country Concentration Limits

Country	Percentage
United States	30%
United Kingdom	30%
Countries rated BBB/Baa2 (or the equivalent) or better (1)	20%
India	15 — 20%(2)
Other	15%

Region Concentration Limits

Region	Percentage
Any Developed Market Region (3)	50%
Any Emerging Market Region other than Asia (3)	35%
Emerging Market Asia (3)	45%
Other (3)	20%(4)
Asia/Pacific (3)	55%

(1) Based on the sovereign foreign currency debt rating assigned by the rating agencies to the country in which a Lessee is domiciled at the time the relevant lease is executed

(2) Up to a Facility Limit Percentage of 15% if Aircraft are under lease to only one Lessee or any of its Affiliates ("Lessee Group") domiciled in India; up to 20% if Aircraft are under lease to more than one Lessee Group domiciled in India, so long as a single Lessee Group domiciled in India does not account for a Facility Limit Percentage of more than 15% of the aggregate Aircraft so leased to Lessee Groups domiciled in India

(3) The designations of Emerging Markets and Developed Markets are as determined and published by Morgan Stanley Capital International (or such other information source as shall be acceptable to the Administrative Agent) from time to time based on, among other things, gross domestic product levels, regulation of foreign ownership of assets, applicable regulatory environment, exchange controls and perceived investment risk. The current designations are set out below:

Region	Country
Developed Markets	
Europe	EU (except Greece, Luxembourg, Czech Republic, Hungary, Poland, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia and Slovenia), Norway and Switzerland
North America	Canada and United States
Pacific	Australia, Hong Kong, Japan, New Zealand and Singapore

Region (continued)	Country (continued)
Emerging Markets	
Asia	China, India, Indonesia, South Korea, Malaysia, Pakistan, Philippines, Sri Lanka, Taiwan and Thailand
Europe and Middle East	Czech Republic, Greece, Hungary, Israel, Jordan, Poland, Russia, Turkey, Cyprus, Estonia, Latvia, Lithuania, Malta, Slovakia and Slovenia
Latin America	Argentina, Brazil, Chile, Colombia, Mexico, Peru and Venezuela
Other	All other countries (generally those that have small or underdeveloped capital markets)

(4) In addition, within the "Other" designation, no more than 5% shall be leased to Lessees or Affiliates thereof domiciled in "Other" countries in Africa.

EXHIBIT A

Form of Advance Request

[See attached]

EXHIBIT B

FORM OF NOTE

[See attached]

EXHIBIT C

Form of Assignment and Assumption

[See attached]

ASSIGNMENT AND ASSUMPTION

This Assignment and Assumption (this "Assignment and Assumption") is dated as of the Effective Date set forth below and is entered into by and between [ ], in its capacity as a Lender under the Credit Agreement identified below (as amended, the "Credit Agreement") (such Lender, the "Assignor"), and [ ] (the "Assignee"). Capitalized terms used but not defined herein shall have the meanings given to them in the Credit Agreement, receipt of a copy of which is hereby acknowledged by the Assignee. The Standard Terms and Conditions set forth in Annex 1 attached hereto (the "Standard Terms and Conditions") are hereby agreed to and

incorporated herein by reference and made a part of this Assignment and Assumption as if set forth herein in full.

For an agreed consideration, the Assignor hereby irrevocably sells and assigns to the Assignee, and the Assignee hereby irrevocably purchases and assumes from the Assignor, subject to and in accordance with the Standard Terms and Conditions and the Credit Agreement, as of the Effective Date (i) all of the Assignor's rights and obligations in its capacity as a Lender under the Credit Agreement and any other documents or instruments delivered pursuant thereto to the extent related to the amounts and percentage interests identified below of all of such outstanding rights and obligations of the Assignor under the respective facilities identified below and (ii) to the extent permitted to be assigned under applicable law, all claims, suits, causes of action and any other right of the Assignor (in its capacity as a Lender) against any Person, whether known or unknown, arising under or in connection with the Credit Agreement, any other documents or instruments delivered pursuant thereto or the loan transactions governed thereby or in any way based on or related to any of the foregoing, including, but not limited to, contract claims, tort claims, malpractice claims, statutory claims and all other claims at law or in equity, in each case, solely to the extent related to the rights and obligations sold and assigned pursuant to clause (i) above (the rights and obligations sold and assigned pursuant to clauses (i) and (ii) above being referred to herein collectively as, the "Assigned Interest"). Such sale and assignment is without recourse to the Assignor and, except as expressly provided in this Assignment and Assumption, without representation or warranty of any kind, whether express or implied, by the Assignor.

(a) Assignor:

(b) Assignee:

(c) Borrower: AerFunding 1 Limited

(d) Administrative Agent: [ ], as the administrative agent under the Credit Agreement

(e) Funding Agent with respect to loans being assigned: , as the funding agent for the [ ] Funding Group under the Credit Agreement

(f) Collateral Agent: [Deutsche Bank Trust Company Americas]

(g) Credit Agreement: That certain Credit Agreement dated as of [ ], 2006 by and among AerFunding 1 Limited as Borrower, AerCap Ireland Limited as Servicer, the Other Service Providers party thereto, UBS Real Estate Securities Inc. ("UBSRESI") and other financial institutions named therein, as Class A Lenders, UBSRESI ("B Lender"), and other financial institutions named therein, as Class B Lenders, UBSRESI and the other financial institutions named therein, as Class C Lenders, UBS Securities LLC as the Administrative Agent and as UBS Funding Agent, the other funding agents named therein, and the Collateral Agent.

(h) Assigned Interest:

Class of Advances and commitments assigned	Amount of Non-Conduit Lender Commitment of (1)	Amount of Non-Conduit Lender Commitment of (2) assigned	Percentage of Non-Conduit Lender Commitment of (3) assigned	Amount of Advances of (4)	Amount of Advances of (5) assigned	Percentage of Advances of (6) assigned
[Class A/Class B/Class C]	$	$	. %	$	$	. %

(1) Applicable A Lender, B Lender or C Lender.

(2) Applicable A Lender, B Lender or C Lender.

(3) Applicable A Lender, B Lender or C Lender.

(4) Applicable A Lender, B Lender or C Lender.

(5) Applicable A Lender, B Lender or C Lender.

(6) Applicable A Lender, B Lender or C Lender.

Effective Date: , 20

The terms set forth in this Assignment and Assumption are hereby agreed to:

ASSIGNOR
[NAME OF ASSIGNOR]

By: _____
Name:
Title:

ASSIGNEE
[NAME OF ASSIGNEE]

By: _____
Name:
Title:

Consented to and Accepted:

[NAME OF RELEVANT PARTY**]**, as
Funding Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

ANNEX 1 to
Assignment and Assumption

STANDARD TERMS AND CONDITIONS FOR
ASSIGNMENT AND ASSUMPTION
(AerFunding 1 Limited Credit Agreement)

1. Representations and Warranties.

1.1 Assignor. The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim created by the Assignor and (iii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, including providing prior notice of the assignment contemplated by this Assignment and Assumption to the Borrower; and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Transaction Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Transaction Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Transaction Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Transaction Document.

1.2 Assignee. The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, **[**(ii) it meets all requirements of an Eligible Assignee under the Credit Agreement (subject to receipt of such consents as may be required under the Credit Agreement),**]**(7) (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement, including the requirements concerning confidentiality and indemnification, as a Lender and a [ ] Non-Conduit Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it is a Qualifying Lender as of the Effective Date, and it will notify the Borrower reasonably promptly after it becomes aware that it is no longer a Qualifying Lender, (v) it has received a copy of the Credit Agreement and the other Transaction Documents, together with copies of such financial statements and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such

analysis and decision independently and without reliance on the Administrative Agent, any Funding Agent, the Assignor or any other Lender, and (vi) attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, any Funding Agent, the Assignor or any other Lender, and based on such

(7) Delete if an Event of Default has occurred.

documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Transaction Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Transaction Documents are required to be performed by it as a Lender.

2. Payments.

From and after the Effective Date, the **[ ]** Funding Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.

3. General Provisions.

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. THIS ASSIGNMENT AND ASSUMPTION SHALL IN ACCORDANCE WITH SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK BE GOVERNED BY THE LAWS OF THE STATE OF NEW YORK, WITHOUT REGARD TO ANY CONFLICTS OF LAW PRINCIPLES THEREOF THAT WOULD CALL FOR THE APPLICATION OF THE LAWS OF ANY OTHER JURISDICTION.

EXHIBIT D

Form of Quarterly Report

[See attached]

EXHIBIT E

[Reserved]

EXHIBIT F

[Reserved]

EXHIBIT G

Form of Servicing Agreement

[See attached]

EXHIBIT H

Form of Monthly Report

[See attached]

EXHIBIT I

Form of Security Trust Agreement

[See attached]

EXHIBIT J

Form of Participation Agreement

[See attached]

EXHIBIT K

Forms of Opinion of Counsel

to Borrower Group/AerCap

EXHIBIT L

Forms of Opinion of Counsel

To Administrative Agent/Lenders

EXHIBIT M

Form of AerCap-Borrower Purchase Agreement

[See attached]

EXHIBIT N

Form of Syndication Cooperation Agreement

[See attached]

EXHIBIT O

AerFunding 1 Limited Hedging Policy
As Of April 26, 2006

Hedging Methods/Objectives

- The Borrower will use interest rate derivatives to hedge the interest rate risk ("Exposure") arising from the mis-match between its fixed and floating rate lease assets, cash balances held in the Liquidity Reserve Account and Class C Reserve Account, and Advances provided through this Credit Agreement.

Strategy

- The Exposure will be calculated based on the current and projected outstanding principal balances of Advances, the Borrower's existing interest rate derivatives portfolio, the Borrower's cash balances held in the Liquidity Reserve Account and Class C Reserve Account, and the maturity profile of the Borrower's Lease portfolio.

- At least 70% of the Exposure (the "Hedge Requirement") will be hedged through the use of Eligible Hedge Agreements.

- If any Eligible Hedge Agreement constituting interest rate caps are used, the spread above the then "at-the-money" strike rate shall not exceed 1.50%. Eligible Hedge Agreements constituting interest rate swaps will require the Borrower to pay a fixed rate and receive a monthly floating rate, against the notional amount stated therein.

- The Borrower will evaluate monthly whether it is in compliance with the Hedge Requirement and if its determination concludes that it is not in compliance, the Borrower will promptly make adjustments to its portfolio of Eligible Hedge Agreements to restore compliance.

- On behalf of the Borrower, the Cash Manager will be obligated to assist the Borrower in implementing and maintaining the Hedging Policy, pursuant to the terms of the Cash Management Agreement and in compliance with this Credit Agreement.

Modification

If the Borrower desires to amend the Hedging Policy, it may present the proposed change in or replacement Hedging Policy to the Administrative Agent. The Administrative Agent must approve the proposed change or replacement in order for it to be adopted and become the Hedging Policy hereunder. Any proposed modification not so approved shall not be given effect, and the existing current Hedging Policy shall continue as the Hedging Policy for purposes of the Credit Agreement.

SCHEDULE I

List of Aircraft

[See attached]

SCHEDULE II

List of Aircraft Owning Entities, the Aircraft Owned by Such Aircraft Owning Entities and the associated Owner Participants and Owner Trustees

[See attached]

SCHEDULE III

List of Leases

[See attached]

SCHEDULE IV

List of Approved Countries

[See attached]

SCHEDULE V

[Reserved]

SCHEDULE VI

Account Details

[See attached]

SCHEDULE VII

[Reserved]

SCHEDULE VIII

Capitalization and Subsidiaries

[See attached]

Exhibit 10.3

SECURITY TRUST AGREEMENT

Dated as of April 26, 2006

among

AERFUNDING 1 LIMITED

and

THE ADDITIONAL GRANTORS REFERRED TO HEREIN
as the Grantors

and

UBS SECURITIES LLC
as the Administrative Agent

and

DEUTSCHE BANK TRUST COMPANY AMERICAS
as Collateral Agent and Account Bank

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SECURITY TRUST AGREEMENT

This SECURITY TRUST AGREEMENT (this "Agreement"), dated as of April 26, 2006, is made among AERFUNDING 1 LIMITED, a company incorporated under the laws of Bermuda (the "Borrower"), the Aircraft Owning Entities, the Owner Trusts, the Applicable Intermediaries and other direct or indirect Subsidiaries of the Borrower listed on the signature pages of, or who otherwise become grantors under, this Agreement (each, a "Borrower Subsidiary"), the Owner Trustees listed on the signature pages of, or who otherwise become grantors under, this Agreement (such Owner Trustees, together with the Borrower Subsidiaries and the Borrower, each a "Grantor" and collectively the "Grantors"), UBS SECURITIES LLC ("UBSS"), as Administrative Agent (the "Administrative Agent"), and DEUTSCHE BANK TRUST COMPANY AMERICAS, a national banking association ("DBTCA"), as

Collateral Agent (as defined below).

PRELIMINARY STATEMENTS:

(1) The Borrower, Administrative Agent and Collateral Agent have entered into that certain Credit Agreement (the "Credit Agreement"), made and entered into as of April 26, 2006 among the Borrower, AerCap Ireland Limited and each other servicer named therein, individually and as servicer (or any successor servicer appointed pursuant to Section 12.3 of the Credit Agreement, each, a "Service Provider"), UBS Real Estate Securities Inc. and the other financial institutions that become parties thereto as Class A Lenders, (together with any permitted successors and assigns, "Class A Lenders"), UBS Real Estate Securities Inc. and the other financial institutions that become parties thereto as Class B Lenders, (together with any permitted successors and assigns, "Class B Lenders") and UBS Real Estate Securities Inc. and the other financial institutions that become parties thereto as Class C Lenders (together with any permitted successors and assigns, "Class C Lenders" and, together with Class A Lenders and the Class B Lenders, the "Lenders"), the Administrative Agent, as agent for the Lenders, UBS Securities LLC as funding agent (the "UBS Funding Agent"), the Other Funding Agents, and the Collateral Agent as the same may be amended, modified, supplemented and/or restated from time to time.

(2) Pursuant to the Credit Agreement, the Borrower may from time to time borrow one or more Advances from the Lenders.

(3) The Borrower is the owner, directly or indirectly, of all of the beneficial interest in certain Borrower Subsidiaries, all of the membership interest in certain Borrower Subsidiaries and all of the outstanding shares of capital stock of the other Borrower Subsidiaries, all as described in the attached Schedule I.

(4) The Borrower Subsidiaries are, or may from time to time be, parties to lease and sub-lease contracts and servicing agreements with respect to the Initial Financed Aircraft, and the Additionally Financed Aircraft.

(5) The Borrower and the Borrower Subsidiaries may from time to time grant additional security for the benefit of the Secured Parties.

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(6) It is a condition precedent to the borrowing of any Advance by the Borrower that each Grantor grant the security interests required by this Agreement.

(7) Each Grantor will derive substantial direct and indirect benefit and value from the Borrower's borrowing of the Advances and from the Transaction Documents.

(8) DBTCA is willing to act as the Collateral Agent and Account Bank under the Credit Agreement and as Collateral Agent, Account Bank.

(9) UBSS is willing to act as the Administrative Agent under the Credit Agreement and under this Agreement.

NOW, THEREFORE, in consideration of the premises, each Grantor hereby agrees with the Collateral Agent for its benefit and the benefit of the Secured Parties as follows:

ARTICLE I
DEFINITIONS

Section 1.01 Definitions. (a) Certain Defined Terms. For the purposes of this Agreement, the following terms have the meanings indicated below:

"Account Bank" has the meaning assigned such term in the Credit Agreement.

"Accounts Receivable" means all of the Grantor's now owned or hereafter acquired or arising accounts, as defined in the UCC, including any rights to payment for the sale or lease of goods or rendition of services, whether or not they have been earned by performance.

"Additional Grantor" has the meaning specified in Section 8.01(b).

"Administrative Agent" has the meaning specified in the recital of parties to this Agreement.

"Agreement" has the meaning specified in the recital of parties to this Agreement.

"Annual Opinion Jurisdiction" means each of (i) New York, (ii) Ireland, (iii) Bermuda, and (iv) with respect only to the perfection of security interests that may be perfected by filing a financing statement in such jurisdiction, the District of Columbia.

"Applicable Aviation Authority" means any Government Entity that has responsibility for the supervision of civil aviation and/or the registration and operations of civil aircraft.

"Applicable Law" means, with respect to any Person, all laws, rules, regulations and orders of governmental or regulatory authorities applicable to such Person, including, without limitation, the regulations of each Applicable Aviation Authority applicable to such Person or, with respect to a lessee under a Lease, to the Financed Aircraft operated by it.

"Assigned Agreement Collateral" has the meaning specified in Section 2.01(f).

"Assigned Agreements" has the meaning specified in Section 2.01(f).

"Assigned Documents" means, collectively, the Assigned Agreements, the Assigned Leases, the Service Provider Documents, the Purchase Agreement, and the Hedge Agreements.

"Assigned Leases" has the meaning specified in Section 2.01(g).

"Bank Account" means any of the Collection Account (including without limitation the Collection Trust Account and the Collection DDA Account), the Maintenance Reserve Account, the Security Deposit Account, the Liquidity Reserve Account, the Class C Reserve Account, the Borrower Funding Account, and all other bank and similar accounts established with DBTCA relating to Collections with respect to the Aircraft and the Leases (whether now existing or hereafter established).

"Bank Account Collateral" has the meaning specified in Section 2.01(d).

"Beneficial Interest Collateral" has the meaning specified in Section 2.01(b).

"Borrower" has the meaning specified in the recital of parties to this Agreement.

"Borrower Group Member" means the Borrower or a Borrower Subsidiary.

"Borrower Subsidiary" has the meaning specified in the recital of parties to this Agreement.

"Certificated Security" means a certificated security as defined in Section 8-102(a)(4) of the UCC other than a Government Security.

"Closing Date" means April 26, 2006.

"Collateral" has the meaning specified in Section 2.01.

"Collateral Agent" means, for purposes of this Agreement and the other Transaction Documents and any related agreements or instruments, DBTCA in its capacity as collateral agent and account bank, together with any of its permitted successors and assigns.

"Collateral Supplement" means a supplement to this Agreement in substantially the form attached as Exhibit B-1 executed and delivered by a Grantor.

"Commercial Tort Claim" means any "commercial tort claim" as defined in Section 9-102(a)(13) of the UCC.

"Control" has the meaning specified in Section 2.20.

"Control Agreement" has the meaning specified in Section 2.07(i).

"Credit Agreement" has the meaning set forth in the Preliminary Statements.

"DBTCA" means Deutsche Bank Trust Company Americas, in its respective capacities as expressly provided herein.

"Eligible Institution" means (a) Deutsche Bank Trust Companies Americas in its capacity as Collateral Agent, so long as it (i) has either (A) a long-term unsecured debt rating of AA- (or the equivalent) or better by each Rating Agency or (B) a short-term unsecured debt rating of A-1 by Standard & Poor's and P-1 by Moody's and (ii) can act as a securities intermediary under the New York Uniform Commercial Code; (b) any bank organized under the laws of the United States of America or any state thereof, or the District of Columbia (or any branch of a foreign bank licensed under any such laws), so long as it (i) has either (A) a long-term unsecured debt rating of AA (or the equivalent) or better by each Rating Agency or (B) a short-term unsecured debt rating of A-1+ by Standard & Poor's and P-1 by Moody's and (ii) can act as a securities intermediary under the New York Uniform Commercial Code; and (c) any other foreign bank or financial institution reasonably acceptable to the Administrative Agent.

"Excluded Payments" means, with respect to any Aircraft, its related Lease and the Related Security, (i) indemnity or similar payments (whether or not payable as supplemental rent) paid or payable by the Lessee under such Lease to the indemnitee or other payee entitled thereto pursuant to such Lease or any related agreements (unless such indemnitee or other payee is a Borrower Group Member or had previously been reimbursed pursuant to Section 8.1(e) of the Credit Agreement for any expense or loss related to such indemnity or similar payments), (ii) proceeds of public liability insurance in respect of the Aircraft payable as a result of insurance claims made, or losses suffered, by the indemnitee or payee entitled thereto (unless the recipient of such proceeds is a Borrower Group Member

or had previously been reimbursed pursuant to Section 8.1(e) of the Credit Agreement for any expense or loss related to the payment of such proceeds), (iii) proceeds of hull insurance maintained with respect to any Aircraft by the relevant Aircraft Owning Entity or any Affiliate of such Aircraft Owning Entity (including a Service Provider) and not required under the then-current Lease or under this Agreement or any other Transaction Documents for the Aircraft (it being agreed that only liability related insurance proceeds under the Contingent Policy shall be Excluded Payments), (iv) any interest paid or payable on any amounts described in clauses (i) through (iii) of this definition, and (v) the proceeds from the enforcement by the relevant Aircraft Owning Entity or other indemnitee or payee of the payment of any amount described in clauses (i) through (iv) of this definition.

"Financed Aircraft" means any Initial Financed Aircraft and any Additionally Financed Aircraft.

"Government Security" means any security that is issued or guaranteed by the United States of America or an agency or instrumentality thereof and that is maintained in book-entry on the records of the Federal Reserve Bank of Chicago (or any other Federal Reserve Bank Branch) and is subject to the Revised Book-Entry Rules.

"Grantor" has the meaning specified in the recital of parties to this Agreement.

"Grantor Supplement" means a supplement to this Agreement in substantially the form attached as Exhibit B-2 executed and delivered by a Grantor.

"Hedge Agreement Collateral" has the meaning specified in Section 2.01(l).

"Instrument" means any "instrument" as defined in Section 9-102(a)(47) of the UCC.

"Intercompany Obligations" means the obligations of any Borrower Subsidiary to the Borrower including without limitation under the Loan, Expenses Apportionment and Guarantee Agreement dated on or about the date hereof.

"Interim Charters" has the meaning assigned such term in the Purchase Agreement.

"Investment Collateral" has the meaning specified in Section 2.01(e).

"Irish Share Mortgage" means an Irish-law-governed mortgage of Shares in substantially the form of Exhibit E.

"Lease" means (a) any lease agreement between an Aircraft Owning Entity or an Applicable Intermediary, as lessor of an Aircraft, and an airline, air freight company or similar entity, as lessee of such Aircraft, in each case together with all schedules, supplements and amendments thereto, as such may be amended, restated and/or otherwise modified from time to time, or (b) any lease agreement between an Aircraft Owning Entity, as lessor of an Aircraft, and an Applicable Intermediary, as lessee of an Aircraft, in each case together with all schedules, supplements and amendments thereto, as such may be amended, restated and/or otherwise modified from time to time.

"Lease Assignment Documents" means, in respect of any Assigned Lease, (a) any agreement providing for the novation thereof to substitute, or the assignment thereof to, a Borrower Subsidiary as the lessor, (b) any agreement or instrument supplemental to this Agreement for the purpose of effecting and/or perfecting the assignment of, and the grant of a lien upon, such Assigned Lease in favor the Collateral Agent under any Applicable Law, (c) any notice provided to the lessee thereof of the assignment thereof pursuant to this Agreement and/or such supplement, (d) any acknowledgment of such assignment by such lessee and (e) any undertaking of quiet enjoyment given by the Collateral Agent in respect thereof, in each case as such may be amended, restated and/or otherwise modified from time to time.

"Lease Collateral" has the meaning specified in Section 2.01(g).

"Lenders" has the meaning set forth in the Preliminary Statements.

"Letter of Credit" means any "letter of credit" as defined in Section 5-102 of the UCC.

"Letter of Credit Right" means any "letter of credit right" as defined in Section 9-102(a)(51) of the UCC.

"Membership Interest Collateral" has the meaning specified in Section 2.01(c).

"Non-Trustee Account Banks" has the meaning specified in Section 2.07.

"Non-Trustee Account Collateral" has the meaning specified in Section 2.01(r).

"Notice and Acknowledgement" has the meaning assigned such term in the Credit Agreement.

"Officer's Certificate" means a certificate signed by, with respect to any Person, any authorized officer, director, trustee

or equivalent representative of such Person.

"Opinion of Counsel" means a written opinion of counsel, who may be counsel for the Borrower, and who shall be reasonably acceptable to the Collateral Agent and Administrative Agent.

"Pledged Beneficial Interests" means the beneficial interests identified in any of Schedule I, any Collateral Supplement or any Grantor Supplement.

"Pledged Debt" means the Intercompany Obligations and the indebtedness identified in any of Schedule I, any Collateral Supplement or any Grantor Supplement.

"Pledged Membership Interests" means the membership interests identified in any of Schedule I, any Collateral Supplement or any Grantor Supplement.

"Pledged Stock" means the capital stock identified in any of Schedule I, any Collateral Supplement or any Grantor Supplement.

"Purchase Agreement" has the meaning assigned the term "AerCap-Borrower Purchase Agreement" in the Credit Agreement and shall include all other agreements, assignments, documents, bills of sale or other instruments forming a part of the transaction documents with respect thereto, including without limitation the Deed of Tax Indemnity (as defined in the Purchase Agreement).

"Relevant Collateral" has the meaning specified in Section 2.09(a).

"Rental Payments" means all rental and lease payments and other amounts equivalent to a rental or lease payment payable by or on behalf of an Obligor (including, for the purposes hereof, an Applicable Intermediary) under a Lease, including any payments pursuant to a contractual option granted by the lessor or owner (including pursuant to a conditional sale agreement) as to the purchase of the applicable Aircraft.

"Responsible Officer" means, with respect to the Collateral Agent, Gary Severyn, or such other individual as may be appointed by the Collateral Agent from time to time.

"Revised Book-Entry Rules" means 31 C.F.R. § 357 (Treasury bills, notes and bonds); 12 C.F.R. § 615 (book-entry securities of the Farm Credit Administration); 12 C.F.R. §§ 910 and 912 (book-entry securities of the Federal Home Loan Banks); 24 C.F.R. § 81 (book-entry securities of the Federal National Mortgage Association and the Federal Home Loan Mortgage Corporation); 12 C.F.R. § 1511 (book-entry securities of the Resolution Funding

Corporation or any successor thereto); 31 C.F.R. § 354 (book-entry securities of the Student Loan Marketing Association); and any substantially comparable book-entry rules of any other Federal agency or instrumentality of the United States.

"Secured Obligations" means the Obligations under, and as defined in, the Credit Agreement.

"Secured Party" means any of or, in the plural form, all of the Collateral Agent, the Administrative Agent, each Funding Agent and each Lender.

"Securities Account" means a securities account as defined in Section 8-501(a) of the UCC maintained in the name of the Collateral Agent as "entitlement holder" (as defined in Section 8-102(a)(7) of the UCC) on the books and records of any Securities Intermediary who has agreed that its securities intermediary jurisdiction (within the meaning of Section 8-116 of the UCC) is the State of New York; provided, that, such securities account is governed by documentation (if required by the Administrative Agent) reasonably satisfactory to the Administrative Agent and is otherwise reasonably satisfactory to the Administrative Agent.

"Securities Intermediary" means any "securities intermediary" of the Collateral Agent as defined in 31 C.F.R. Section 357.2 or Section 8-102(a)(14) of the UCC; provided, that, such securities intermediary is reasonably satisfactory to the Administrative Agent.

"Security Collateral" has the meaning specified in Section 2.01(a).

"Service Provider" means the service providers with respect to any Service Provider Document described in clause (a) or (b) of the definition thereof.

"Service Provider Documents" means (a) each Service Provider Agreement, (b) the Guaranty, and (c) any other service agreement with respect to the Aircraft entered into by a Borrower Group Member in accordance with the Credit Agreement.

"Servicing Collateral" has the meaning specified in Section 2.01(h).

"Supporting Obligation" means any "supporting obligation" as defined in Section 9-102(a)(77) of the UCC.

"UBSS" has the meaning specified in the recital of parties to this Agreement.

"UCC" means, as of any date, the Uniform Commercial Code as in effect on such date in the State of New York; provided that if by reason of mandatory provisions of law, the perfection or the effect of perfection or non-perfection of the security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "UCC" means the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions of this Agreement relating to such perfection or effect of perfection or non-perfection.

"Uncertificated Security" means an uncertificated security as defined in Section 8-102(a)(18) of the UCC other than a Government Security.

(b) Terms Defined in the Credit Agreement. For all purposes of this Agreement, all capitalized terms used, but not defined, in this Agreement shall have the respective meanings assigned to such terms in the Credit Agreement.

Section 1.02 Construction and Usage. The conventions of construction and usage set forth in Section 1.2 of the Credit Agreement are hereby incorporated by reference in this Agreement.

ARTICLE II
SECURITY

Section 2.01 Grant of Security. To secure the Secured Obligations, each Grantor hereby assigns and pledges to the Collateral Agent for its benefit and the benefit of the Secured Parties, and hereby grants to the Collateral Agent for its benefit and the benefit of the Secured Parties, a security interest (which with respect to the Bank Account Collateral and Non-Trustee Account Collateral is intended to be a fixed charge) in, all of such Grantor's right, title and interest in, to and under (the following being referred to herein as, collectively, the "Collateral"):

(a) all of the following (the "Security Collateral"):

(i) the Pledged Stock and the certificates representing such Pledged Stock, and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Stock;

(ii) the Pledged Debt and all instruments evidencing the Pledged Debt, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Debt;

(iii) all additional shares of the capital stock of any Borrower Subsidiary (whether now existing or hereafter created) from time to time acquired by such Grantor in any manner, including the capital stock of any Borrower Subsidiary that may be formed from time to time, and all certificates, if any, representing such additional shares of the capital stock and all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional shares; and

(iv) all additional indebtedness from time to time owed to such Grantor by any Person and the instruments evidencing such indebtedness, and all interest, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such indebtedness;

(b) all of the following (the "Beneficial Interest Collateral"):

(i) the Pledged Beneficial Interests, all certificates, if any, from time to time representing all of such Grantor's right, title and interest in the Pledged Beneficial Interests, any contracts and instruments pursuant to which any such Pledged Beneficial Interests are created or issued and all distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Beneficial Interests; and

(ii) all of such Grantor's right, title and interest in all additional beneficial interests in any Borrower Subsidiary (whether now existing or hereafter created), from time to time acquired by such Grantor in any manner, including the beneficial interests in any Borrower Group Member that may be formed from time to time, and all certificates, if any, from time to time representing such additional beneficial interests and all distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional beneficial interests;

(c) all of the following (the "Membership Interest Collateral"):

(i) the Pledged Membership Interests, all certificates, if any, from time to time representing any of such Grantor's right, title and interest in the Pledged Membership Interests, any contracts and instruments pursuant to which

any such Pledged Membership Interests are created or issued and all distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the Pledged Membership Interest; and

(ii) all of such Grantor's right, title and interest in all additional membership interests in any Borrower Subsidiary (whether now existing or hereafter created) from time to time acquired by such Grantor in any manner, all certificates, if any, from time to time representing such additional membership interests and all distributions, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all such additional membership interests;

(d) all of the following (collectively, the "Bank Account Collateral"):

(i) each Bank Account at any time or from time to time established; and

(ii) all cash, investment property, Eligible Investments, other investments, securities, instruments or other property (including all "financial assets" within the meaning of Section 8-102(a)(9) of the UCC) at any time or from time to time credited to any such Bank Account;

(e) all other "investment property" as defined in Section 9-102(a)(49) of the UCC of such Grantor (the "Investment Collateral") including any interest, dividends, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Investment Collateral provided that such investment property is related to the Investment Collateral;

(f) all of the following (the "Assigned Agreement Collateral"):

(i) all of such Grantor's right, title and interest in and to all security assignments, cash deposit agreements and other security agreements executed in its favor, with respect to the Aircraft or any of the Leases in each case as such agreements may be amended, restated and/or otherwise modified from time to time (collectively, the "Assigned Agreements"); and

(ii) all of such Grantor's right, title and interest in and to all deposit accounts, all funds or other property held in such deposit accounts, all certificates and instruments, if any, from time to time representing or evidencing such deposit accounts and all other property of whatever nature, in each case pledged, assigned or transferred to it or mortgaged or charged in its favor pursuant to any Assigned Document and all Supporting Obligations relating to any Assigned Agreement;

(g) all of such Grantor's right, title and interest in, to and under all Leases to which such Grantor is or may from time to time be party and any leasing arrangements among Borrower Group Members (whether now existing or hereafter created) with respect to such Leases together with all Related Security with respect thereto (all such Leases and Related Security, the "Assigned Leases"), including, without limitation, (i) all rights of such Grantor to receive Rental Payments and other moneys due and to become due under or pursuant to such Assigned Leases, (ii) all rights of such Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty pursuant to, or with respect to, such Assigned Leases, (iii) claims of such Grantor for damages arising out of or for breach or default under such Assigned Leases, (iv) all rights under any such Assigned Lease with respect to any subleases of the Aircraft subject to such Assigned Lease and (v) the right of such Grantor to terminate such Assigned Leases and to compel performance of, and otherwise to exercise all remedies under, any Assigned Lease, whether arising under such Assigned Leases or by statute, at law or in equity (the "Lease Collateral");

(h) all of such Grantor's right, title and interest in, to and under each Service Provider Document, including, without limitation, (i) all rights of such Grantor to receive any moneys due or payable under or pursuant to such Service Provider Document, (ii) any claims of such Grantor for damages arising out of, or for breach or default under, such Service Provider Document and (iii) all rights to compel performance under such Service Provider Document, and otherwise to exercise any and all remedies under such Service Provider Document, in each case, whether arising under such Service Provider Document by statute, at law or in equity (the "Servicing Collateral");

(i) [Reserved];

(j) all of such Grantor's right, title and interest in, to and under the Purchase Agreement and the Purchase Agreement Guaranty, including, without limitation, (i) all rights of such Grantor to receive moneys due or to become due under or pursuant to the Purchase Agreement or the Purchase Agreement Guaranty, (ii) any claims of such Grantor for damages arising out of, or for breach or default under, the Purchase Agreement or the Purchase Agreement Guaranty and (iii) all right to compel performance of the Vendors (as defined in the Purchase Agreement) under the Purchase Agreement or AerCap Holdings C.V. under the Purchase Agreement Guaranty, and otherwise to exercise any and all remedies under the Purchase Agreement and Purchase Agreement Guaranty, in each case, whether arising under the Purchase Agreement or Purchase Agreement Guaranty by statute, at law or in equity;

(k) [Reserved];

(l) with respect to the Borrower, all of the Borrower's right, title and interest in, to and under each Hedge Agreement, including, without limitation, (i) all rights of the Borrower to receive moneys due or to become due under or pursuant to such Hedge Agreement, (ii) any claims of the Borrower for damages arising out of, or for breach or default under, such Hedge Agreement and (iii) all rights to compel performance of the counterparty under such Hedge Agreement, and otherwise to exercise any and all remedies under such Hedge Agreement, in each case, whether arising under such Hedge Agreement by statute, at law or in equity (the "Hedge Agreement Collateral").

(m) with respect to each Grantor, all of such Grantor's right, title and interest in and to the personal property identified in a Grantor Supplement or a Collateral Supplement executed and delivered by such Grantor to the Collateral Agent;

(n) with respect to each Grantor, all of such Grantor's Accounts Receivable;

(o) all Commercial Tort Claims;

(p) all of such Grantor's Letters of Credit and Letter-of-Credit Rights;

(q) all books, records and other property related to or referring to any of the foregoing, including books, records, account ledgers, data processing records, computer software and other property and general intangibles at any time evidencing or relating to any of the foregoing; and

(r) all of the following (collectively, the "Non-Trustee Account Collateral"):

(i) all of the Non-Trustee Accounts (including without limitation any Hong Kong Holding Account or London Holding Account not maintained at DBTCA) in such Grantor's name, all funds or any other interest held or required by the terms of the Credit Agreement to be held in, and all certificates and instruments, if any, from time to time representing or evidencing, such Non-Trustee Accounts;

(ii) all notes, certificates of deposit, deposit accounts, checks and other instruments from time to time hereafter delivered to or otherwise possessed by

such Grantor or by the Collateral Agent for or on behalf of such Grantor in substitution for or in addition to any or all of the then existing Non-Trustee Account Collateral; and

(iii) all interest, dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the then existing Non-Trustee Account Collateral; and

(s) all proceeds of any and all of the foregoing Collateral (including proceeds that constitute property of the types described above);

provided, however, that in all cases Excluded Payments shall be excluded from the Collateral and all distributions and dividends or other payments that are received as a result of a distribution in accordance with Section 8.1(e) of the Credit Agreement shall be excluded from the Collateral.

Section 2.02 Security for Obligations. This Agreement secures the payment and performance by the Grantors of all Secured Obligations and the security interests and other rights and benefits granted hereunder shall be held by the Collateral Agent in trust for the Secured Parties. Without limiting the generality of the foregoing, this Agreement secures the payment of all amounts that constitute part of the Secured Obligations and would be owed by any Grantor to any Secured Parties but for the fact that such Secured Obligations are unenforceable or not allowed due to the existence of a bankruptcy, reorganization or similar proceeding involving such Grantor.

Section 2.03 Representations and Warranties of the Grantors. Each Grantor represents and warrants as of the date of this Agreement, as of the Initial Advance Date, as of the date of each Additional Advance and as of each Payment Date, as follows:

(a) The Grantors are the legal and beneficial owners of the Collateral and the Aircraft free and clear of any Adverse Claims. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral or the Aircraft is on file in any recording office, except such as may have been filed with respect to the Collateral in favor of the Collateral Agent.

(b) This Agreement creates a valid and (upon the taking of the actions described in clauses (iii)(1), (iii)(2), (iii)(3), (iii)(4), (iii)(5), and (iii)(6) of Section 2.03(d), each of which has been duly taken or, in the case of the actions described in clause (iii)(5) shall be taken within the period specified in such clause) perfected security interest in the Collateral as security for the Secured Obligations, and such security interest is subject in priority to no other Liens, and all filings and other actions necessary or desirable to perfect and protect such security interest have been (or in the case of (i) actions described in such clause (iii)(5) and (ii) actions in respect of future Collateral, shall be) duly taken. The Borrower has on the date of this Agreement delivered to the Administrative Agent on behalf of the Collateral Agent an original counterpart of this Agreement and the Irish Share Mortgage for the Pledged Stock specified on Schedule I, duly executed by the Borrower, and no other action is required to be taken by it or by any Borrower Subsidiary in order for the filings described in such clause (iii)(v) to be duly made by the Collateral Agent or the Administrative Agent on its behalf. Other than (i) the security interest granted to the Collateral Agent pursuant to this Agreement or any security interest

previously granted that shall be terminated as of the date hereof, (ii) as expressly permitted by the Credit Agreement, the Grantors have not pledged, assigned, sold, granted a security interest in, or otherwise conveyed any of the Collateral. The Grantors have not authorized the filing of, and are not aware of, any financing statements or other instrument similar in effect against any Grantor or any Aircraft that include a description of collateral covering the Collateral or any Aircraft other than any financing statement relating to the security interest ranted o the Collateral Agent hereunder or that has been terminated. The Grantors are not aware of any judgment or tax lien filings against any Grantor or with respect to any Collateral or any Aircraft.

(c) No Grantor has any trade names except as set forth on Schedule III hereto.

(d) No consent of any other Person and no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body or other third party is required for (i) the grant by such Grantor of the assignment and security interest granted hereby, (ii) the execution, delivery or performance of this Agreement by such Grantor or (iii) the perfection, priority or maintenance of the pledge, assignment and security interest created hereby, except for (1) the filing of financing and continuation statements under the UCC, (2) the filing of this Security Trust Agreement (and any Grantor Supplement or Collateral Supplement) with the FAA with respect to each Aircraft registered in the United States, (3) any filing of this Agreement (and any Grantor Supplement or Collateral Supplement) or Notice of Acknowledgement or other documents relating thereto required with respect to a foreign jurisdiction, (4) filings where appropriate with the International Registry created pursuant to the Convention on International Interests in Mobile Equipment and the Protocol thereto relating to Aircraft Equipment, (5) the filing by a Grantor incorporated in Ireland or a Grantor with a place of business or assets (including without limitation shares in a company organized under the law of Ireland) located in Ireland of this Agreement (and any Grantor Supplement or Collateral Supplement) and the filing by any Grantor of an Irish Share Mortgage, with the Irish Registrar of Companies and the Irish Revenue Commissioners within 21 days following the execution and delivery by such Grantor of this Agreement (and any Grantor Supplement or Collateral Supplement) or of such Irish Share Mortgage, respectively and (6) the filing by the Borrower and any other Grantor organized under the law of Bermuda of this Agreement (and any Grantor Supplement or Collateral Supplement executed by it) with the appropriate register of Bermuda.

(e) The jurisdiction of organization, organizational ID Number (for a non-U.S. entity, to the extent a Government Entity in the jurisdiction of domicile of such entity issues such ID Numbers), the chief place of business and chief executive or registered office of such Grantor and the office where such Grantor keeps records of the Collateral are located at the address specified opposite the name of such Grantor on the attached Schedule IV.

(f) The Pledged Stock constitutes the percentage of the issued and outstanding shares of capital stock of the issuers thereof indicated on the attached Schedule I hereto. The Pledged Membership Interest constitutes the percentage of the membership interest of the issuer thereof indicated on Schedule I hereto. The Pledged Beneficial Interest constitutes the percentage of the beneficial interest of the issuer thereof indicated on Schedule I hereto.

(g) The Pledged Stock, the Pledged Membership Interests and the Pledged Beneficial Interests have been duly authorized and validly issued and are fully paid and

nonassessable (or, in the case of Pledged Membership Interests and Pledged Beneficial Interests, not subject to any capital call or other additional capital requirement) and not subject to any preemptive rights, warrants, options or similar rights or restrictions in favor of third parties or any contractual or other restrictions upon transfer other than as may be permitted or required under the Credit Agreement. The Pledged Debt has been duly authorized, authenticated or issued and delivered, is the legal, valid and binding obligation of each obligor thereunder and is not in default.

(h) All certificates or instruments evidencing the Pledged Stock, the Pledged Beneficial Interests and the Pledged Membership Interests have been delivered to the Collateral Agent. The Pledged Stock, the Pledged Beneficial Interests and the Pledged Membership Interests either (i) are in bearer form, (ii) have been endorsed, by an effective endorsement, to the Collateral Agent or in blank or (iii) have been registered in the name of the Collateral Agent. None of the certificates or instruments evidencing Pledged Stock, the Pledged Beneficial Interests and the Pledged Membership Interests have any marks or notations indicating that they have been pledged, assigned or otherwise conveyed to any Person other than the Collateral Agent.

(i) A true and complete copy of each Assigned Document has been delivered to the Collateral Agent. Each Assigned Document has been duly authorized, executed and delivered by all parties thereto and is in full force and effect and is binding upon and enforceable against the respective Borrower Group Member in accordance with its terms, except as such enforceability may be limited by (i) applicable bankruptcy, insolvency, reorganization or other similar, and (ii) general principles of equity.

(j) Except as provided in Section 7.1(h)(vi) or 7.2(f) of the Credit Agreement, a true and complete original copy of each Lease to which a Borrower Subsidiary is a party has been delivered to the Collateral Agent. Each such Lease has been duly authorized, executed and delivered by all parties thereto, is in full force and effect and is binding upon and enforceable against each Borrower Group Member which is a party thereto in accordance with its terms. Each Lease constitutes “tangible chattel paper” within the meaning of Section 9-102(a)(78) of the UCC. No such Lease has any marks or notations indicating that it has been pledged, assigned or otherwise conveyed to any Person other than the Collateral Agent.

(k) Each Bank Account located in the United States constitutes a "deposit account" within the meaning of Section 9-102(a)(29) of the UCC or a Securities Account.

(l) Each of the Hedge Agreements and the Purchase Agreement constitutes "general intangibles" within the meaning of Section 9-102(a)(42) of the UCC.

(m) Each direct or indirect Subsidiary of the Borrower as of the date hereof is a signatory of this Agreement.

(n) The Pledged Stock, the Pledged Beneficial Interests and the Pledged Membership Interests listed on Schedule I hereto constitute all of the outstanding shares of capital stock, all of the beneficial interests and all of the membership interests in all of the direct and indirect Subsidiaries of the Borrower as of the date hereof.

Section 2.04 Grantors Remain Liable. Anything contained herein to the contrary notwithstanding, (a) each Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed, (b) the exercise by the Collateral Agent of any of its rights hereunder shall not release any Grantor from any of its duties or obligations under the contracts and agreements included in the Collateral and (c) no Secured Party shall have any obligation or liability under the contracts and agreements included in the Collateral by reason of this Agreement, nor shall any Secured Party be obligated to perform any of the obligations or duties of any Grantor under the contracts and agreements included in the Collateral or to take any action to collect or enforce any claim for payment assigned under this Agreement.

Section 2.05 Delivery of Collateral. All certificates, instruments, documents or tangible chattel paper representing or evidencing any Collateral shall be delivered to and held by the Collateral Agent in the State of New York and shall be in suitable form for transfer by delivery, or shall be accompanied by duly executed instruments of transfer or assignment in blank, all in form and substance satisfactory to evidence the security interests granted hereby. Upon the occurrence and during the continuance of an Event of Default or if the Facility Termination Date has occurred or been declared under the terms of the Credit Agreement, the Collateral Agent shall have the right at any time and without notice to any Grantor to transfer to or to register in the name of the Collateral Agent or any of its nominees any or all of the Pledged Stock, Pledged Membership Interest and Pledged Beneficial Interest, in each case, in accordance with the direction of the Administrative Agent. In addition, the Collateral Agent shall have the right at any time upon the occurrence and during the continuance of an Event of Default or if the Facility Termination Date has occurred or been declared under the terms of the Credit Agreement, to exchange certificates or instruments representing or evidencing any Collateral for certificates or instruments of smaller or larger denominations in each case, in accordance with the direction of the Administrative Agent. To the extent provided in Section 7.01(h)(vi) or 7.02(f)(vi) of the Credit Agreement, each Grantor shall cause the true and complete original copy or the chattel paper original of each Lease to which it is a party from time to time to be delivered to the Collateral Agent in the State of New York on or before the date hereof. With respect to each Future Lease with a Lessor that is located within a State (or the District of Columbia) within the United States (within the meaning of Article 9 of the UCC),the Grantors, or a Service Provider on their behalf, shall cause the lessor and the Lessee of such Lease to designate one executed copy thereof the original by adding substantially the following language to the cover page thereof: "To the extent, if any, that this Lease Agreement constitutes chattel paper (as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction) this copy shall constitute the sole original thereof and no security interest in this Lease Agreement may be created through the transfer or possession of any counterpart other than this counterpart," cause the delivery of such original copy and any related lease supplement to the Collateral Agent no later than 15 days after the execution and delivery of such Lease by all its parties, and also cause the lessor and Lessee to mark each other executed counterpart of such Lease with the words "DUPLICATE ORIGINAL".

Section 2.06 Maintenance of Bank Accounts. (a) DBTCA, in its capacity as Collateral Agent, hereby acknowledges its appointment as the initial Account Bank. Upon the execution of this Agreement, the Account Bank shall establish (or shall have established) the following

segregated non-interest-bearing trust accounts: the Collection Trust Account, the Maintenance Reserve Account, the Security Deposit Account, the Class C Reserve Account, the Borrower Funding Account, and the Liquidity Reserve Account. Additionally, upon the execution of this Agreement, the Account Bank shall establish (or shall have established) as demand deposit accounts, the Collection DDA Account. The Account Bank hereby agrees to establish and maintain each such account, together with any other Bank Accounts established from time to time (in each case as a Securities Account), on the books and records of its office specified in Section 8.02 in the name of the Borrower. If, at any time, the Account Bank ceases to be an Eligible Institution, the Account Bank agrees to cooperate with any replacement Account Bank as to the transfer of any property in, and records relating to, any Bank Account maintained by it to a new Bank Account having the same characteristics as such other Bank Account and maintained by such replacement Account Bank, and the Account Bank shall, in any event, use its best efforts to effect such transfer within 10 Business Days. Except (i) as a Secured Party in accordance with the provisions of this Agreement and (ii) in its capacity as Collateral Agent for the benefit of the Secured Parties, DBTCA waives any claim or lien against any Bank Account it may have, by operation of law or otherwise, for any amount owed to it by any Grantor.

(b) The Account Bank hereby agrees that (i) it is a "bank" (as defined in Section 9-101(a)(8) of the UCC), (ii) each Bank Account is and will be maintained as a Securities Account of which the Account Bank is the Securities Intermediary and in respect of which the Borrower is the "entitlement holder" (as defined in Section 8-102(a)(7) of the UCC) of the "security entitlement" (as defined

in Section 8-102(a)(17) of the UCC) with respect to each "financial asset" (as defined in Section 8-102(a)(9) of the UCC) credited to such Bank Account, (iii) the Account Bank shall comply with all entitlement orders (as defined in Section 8-102 of the UCC) originated by the Administrative Agent without further consent of the Borrower, as the entitlement holder, the other Grantors or any of them, or any other person, (iv) all Collections and other cash required to be deposited in any such Bank Account and Eligible Investments and all other property acquired with cash credited to any such Bank Account will be processed and credited to such Bank Account in accordance with the Account Bank's customary procedures, (v) all items of property (whether cash, investment property, Eligible Investments, other investments, securities, instruments or other property credited to each Bank Account will be treated as a "financial asset" (as defined in Section 8-102(a)(9) of the UCC) under Article 8 of the UCC, (vi) its "securities intermediary's jurisdiction" (as defined in Section 8-110(e) of the UCC) and the "bank's jurisdiction" (within the meaning of Section 9-304 of the UCC) with respect to each Bank Account is the State of New York and (vii) all securities, instruments and other property in order or registered from and credited to any Bank Account shall be payable to or to the order of, or registered in the name of, the Collateral Agent or shall be endorsed to the Collateral Agent or in blank, and in no case whatsoever shall any "financial asset" (as defined in Section 8-102(a)(9) of the UCC) credited to any Bank Account be registered in the name of any Grantor, payable to or to the order of any Grantor or specially indorsed to any Grantor except to the extent the foregoing have been specially endorsed by the applicable Grantor to the Collateral Agent or in blank.

(c) The Account Bank acknowledges that that unless and until it is notified by the Administrative Agent, in writing, to the contrary, the Account Bank will follow the written directions and instructions of the Cash Manager with respect to the Bank Accounts.

(d) The Collateral Agent agrees that it will hold (and will indicate clearly in the books and records that it holds) its "security entitlement" to the "financial assets" credited to each Bank Account in trust for the benefit of the Secured Parties.

Section 2.07 Non-Trustee Accounts. With respect to each Non-Trustee Account to be established or established by any Grantor:

(i) Such Grantor shall maintain such Non-Trustee Account in its name only with an Eligible Institution (each such institution, a "Non-Trustee Account Bank") that has entered into a control agreement in from and substance satisfactory to the Administrative Agent (a "Control Agreement").

(ii) Each Grantor shall immediately instruct each Obligor to make any payment not required to be made to a Bank Account to a Non-Trustee Account meeting the requirements of Section 2.07(i).

(iii) Upon any termination of any Control Agreement or other agreement with respect to the maintenance of a Non-Trustee Account by any Grantor or any Non-Trustee Account Bank, such Grantor shall immediately notify all Obligors that were making payments to such Non-Trustee Account to make all future payments to another Non-Trustee Account meeting the requirements of Section 2.07(i). Subject to the terms of any Lease, upon request by the Collateral Agent or the Administrative Agent, each Grantor shall, and if prohibited from so doing by the terms of any Lease, shall use its best efforts to, seek the consent of the relevant Lessee to, terminate any or all of its Non-Trustee Accounts.

Section 2.08 Covenants Regarding Assigned Documents. (a) Upon the inclusion of any Assigned Document (other than an Assigned Lease, an Assigned Agreement, or the Purchase Agreement) in the Collateral, the relevant Grantor will deliver to the Collateral Agent a consent, in substantially the form of Exhibit D and executed by each party to such Assigned Document (other than any Grantor) or (where the terms of such Assigned Document expressly provide for a consent to its assignment for security purposes to substantially the same effect as Exhibit D) will give due notice to each such other party to such Assigned Document of its assignment pursuant to this Agreement.

(b) Subject to the provisions of Article VII of the Credit Agreement, upon the inclusion of any Assigned Lease in the Collateral, the relevant Grantor will deliver to the Collateral Agent a fully executed Notice and Acknowledgment and all other such consents, acknowledgments and/or notices as are (i) necessary under the terms of such Assigned Lease, (ii) necessary under any and all Applicable Law with respect to the related lessor and lessee and the jurisdiction governing such Assigned Lease in order to effect and perfect the assignment of, and grant of a security interest in, such Assigned Lease pursuant to this Agreement or (iii) necessary to assure the payment of all Rental Payments and other payments under such Assigned Lease to the appropriate Bank Accounts or Non-Trustee Account in accordance with the terms of the Credit Agreement.

(c) [Reserved.]

(d) [Reserved.]

(e) Upon (i) the inclusion of any Assigned Document in the Collateral (other than an Assigned Lease) or (ii) the amendment or replacement of any Assigned Document or (iii) the entering into of any new Assigned Document, the relevant Grantor will deliver a copy thereof to the Collateral Agent and will take such other action as may be necessary or desirable to perfect the lien created by this Agreement as to such Assigned Document.

(f) Each Grantor shall, at its expense but subject to Section 2.08(g) hereof, the Credit Agreement and (in the case of any Assigned Lease) the Service Provider Agreements:

(i) perform and observe all the terms and provisions of the Assigned Documents to be performed or observed by it, enforce the Assigned Documents in accordance with their terms and take all such action to such end as may be from time to time reasonably requested by the Collateral Agent or the Administrative Agent; and

(ii) from time to time, (A) furnish to the Collateral Agent and the Administrative Agent such information and reports regarding the Collateral as the Collateral Agent and/or the Administrative Agent may reasonably request and (B) upon request of the Collateral Agent and/or the Administrative Agent, make to each other party to any Assigned Document such demands and requests for information and reports or for action as such Grantor is entitled to make thereunder.

(g) So long as no Event of Default shall have occurred and be continuing and the Facility Termination Date has not occurred or been declared, and notwithstanding any provision to the contrary in this Agreement, each Grantor shall be entitled, to the exclusion of the Collateral Agent but subject always to the terms of the Credit Agreement (x) to exercise and receive, directly or indirectly through one or more agents, including a Service Provider, any of the claims, rights, powers, privileges, remedies and other benefits under, pursuant to, with respect to or arising out of the Assigned Documents and (y) to take any action or to not take any action, directly or indirectly through one or more agents, including a Service Provider, related to the Assigned Documents and the lessees or counterparties thereunder, including entering into, amending, supplementing, terminating, performing, enforcing, compelling performance of, exercising all remedies (whether arising under any Assigned Document or by statute or at law or in equity or otherwise) under, exercising rights, elections or options or taking any other action under or in respect of, granting or withholding notices, waivers, approvals and consents in respect of, receiving all payments under, dealing with any credit support or collateral security in respect of, or taking any other action in respect of, the Assigned Documents and contacting or otherwise having any dealings with any lessee or counterparty thereunder; provided, however, (i) whether or not an Event of Default has occurred and/or is continuing or the Facility Termination Date has occurred or been declared, all amounts payable under each Assigned Document (including all Rental Payments under each Assigned Lease) shall be paid directly to the appropriate Bank Account or Non-Trustee Account in accordance with the terms hereof and of the Credit Agreement, (ii) so long as any Assigned Lease remains in effect (and without limiting the authority of the Service Providers under the express terms of the Service Provider

Agreements), no Grantor will abrogate any right, power or privilege granted expressly in favor of the Collateral Agent, the Administrative Agent or a Secured Party under any Lease Assignment Document and (iii) upon or after the occurrence of an Event of Default which is continuing or the occurrence or declaration of the Facility Termination Date under the terms of the Credit Agreement and delivery of a written direction to the Borrower from the Administrative Agent, all such rights of each Grantor shall cease, and all such rights shall become vested in the Collateral Agent and the Administrative Agent, which shall thereupon have the sole right to exercise or refrain from exercising such rights. Neither the Account Bank nor the Collateral Agent shall have any obligation to verify whether an Event of Default has occurred and is continuing, but shall be entitled to rely, and protected in relying on the Administrative Agent's notice thereof notwithstanding any contrary instructions of any Grantor.

Section 2.09 Covenants Regarding Security Collateral, Beneficial Interest Collateral, Membership Interest Collateral and Investment Collateral. (a) All Security Collateral, Beneficial Interest Collateral, Membership Interest Collateral and Investment Collateral (the "Relevant Collateral") shall be delivered to the Collateral Agent as follows:

(i) in the case of each Certificated Security or Instrument, by causing the delivery of such Certificated Security or Instrument to the Collateral Agent in the State of New York, registered in the name of the Collateral Agent or duly endorsed by an appropriate person to the Collateral Agent or in blank and, in each case, to be held by the Collateral Agent in the State of New York;

(ii) in the case of each Uncertificated Security, by (A) causing such Uncertificated Security to be continuously registered on the books of the issuer thereof in the name of the Collateral Agent or (B) if such Uncertificated Security is registered in the name of a Securities Intermediary on the books of the issuer thereof or on the books of any securities intermediary of a Securities Intermediary, by causing such Securities Intermediary to continuously credit by book entry such Uncertificated Security to a Securities Account maintained by such Securities Intermediary in the name of the Collateral Agent and confirming to the Collateral Agent that it has been so credited;

(iii) in the case of each Government Security registered in the name of any Securities Intermediary on the books of any applicable Federal Reserve Bank Branch) or on the books of any securities intermediary of such Securities Intermediary, by causing such Securities Intermediary to continuously credit by book entry such security to the Securities Account maintained by such Securities Intermediary in the name of the Collateral Agent and confirming to the Collateral Agent and the Administrative Agent that it has been so credited; and

(iv) in the case of any Beneficial Interest Collateral or Membership Interest Collateral by (A) to the extent that the grant of the security interest to the Collateral Agent in any Beneficial Interest Collateral or Membership Interest Collateral or the transfer of any Beneficial Interest Collateral or Membership Interest Collateral upon exercise of remedies by the Collateral Agent is subject to any restrictions on transfer or any consent requirements, by obtaining all

necessary consents and approvals thereof and (B) complying with clause (i) or clause (ii) above, as applicable.

(b) Each Borrower Group Member and the Collateral Agent hereby represents, with respect to the Relevant Collateral, that it has not entered into, and hereby agrees that it will not enter into, any agreement (i) with any of the other parties hereto or any Securities Intermediary specifying any jurisdiction other than the State of New York as any Securities Intermediary's jurisdiction in connection with any Securities Account with any Securities Intermediary referred to in Section 2.09(a) for purposes of 31 C.F.R. Section 357.11(b), Section 8-110(e) of the UCC or any similar state or Federal law, or (ii) with any other person relating to such account pursuant to which it has agreed that any Securities Intermediary may comply with entitlement orders made by such person. The Collateral Agent represents that it will, by express agreement with each Securities Intermediary, provide for each item of property constituting Relevant Collateral held in and credited to the applicable Securities Account, including cash, to be treated as a "financial asset" within the meaning of Section 8-102(a)(9) of the UCC for the purposes of Article 8 of the UCC.

(c) Without limiting the foregoing, each Borrower Group Member and the Collateral Agent agree, and the Collateral Agent shall cause each Securities Intermediary to take such different or additional action as may be required based upon any Opinion of Counsel received pursuant to Section 2.19 or any request of the Administrative Agent, in order to maintain the perfection and priority of the security interest of the Collateral Agent in the Relevant Collateral in the event of any change in applicable law or regulation, including Articles 8 and 9 of the UCC and regulations of the U.S. Department of the Treasury governing transfers of interests in Government Securities.

Section 2.10 Covenants Regarding Commercial Tort Claims. If any Grantor shall at any time acquire a Commercial Tort Claim, such Grantor shall immediately notify the Collateral Agent and the Administrative Agent in writing signed by such Grantor of the details thereof (including specific case captions or description per Official Comment 5 to Section 9-108 of the UCC) and grant to the Collateral Agent in such writing a security interest therein and in the proceeds thereof, all upon the terms of this Agreement, with such writing to be in form and substance reasonably satisfactory to the Administrative Agent.

Section 2.11 Further Assurances. (a) Each Grantor agrees that, from time to time, at the expense of such Grantor, such Grantor shall promptly execute and deliver all further instruments and documents, and take all further action (including under the laws of any foreign jurisdiction), that may be necessary, or that the Collateral Agent or Administrative Agent may reasonably request, in order to perfect and protect any pledge, assignment or security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, each Grantor shall: (i) if any Collateral shall be evidenced by a promissory note or other instrument or "tangible chattel paper" (as defined in Section 9-102(a)(78) of the UCC), deliver and pledge to the Collateral Agent hereunder such note or instrument or tangible chattel paper, each such note or instrument to be duly endorsed and accompanied by duly executed instruments of transfer or assignment in blank; (ii) execute and file such financing or continuation statements, or amendments thereto, and such other

instruments or notices, as may be necessary or desirable, or as the Collateral Agent or Administrative Agent may reasonably request, in order to perfect and preserve the pledge, assignment and security interest granted or purported to be granted hereby and (iii) execute, file, record, or register such additional documents and supplements to this Agreement, including any further assignments, security agreements, pledges, grants and transfers, as may be required by or desirable under the laws of any foreign jurisdiction, or as the Collateral Agent or Administrative Agent may reasonably request, to create, attach, perfect, validate, render enforceable, protect or establish the priority of the security interest and lien created by this Agreement.

(b) Each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relating to all or any part of the Collateral without the signature of such Grantor where permitted by law. A photocopy or other reproduction of this Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

(c) Each Grantor shall furnish or cause to be furnished to the Collateral Agent from time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent or Administrative Agent may reasonably request, all in reasonable detail; provided that, to the extent that (in the case of any Assigned Lease) such statements, schedules or reports (or the data needed to prepare them) can be obtained only from a Service Provider, no Grantor shall be required to obtain any such statements, schedules, reports or data beyond those to which it is entitled under the Service Provider Agreements.

(d) Each Grantor shall, immediately upon the organization or acquisition by such Grantor of any Borrower Subsidiary, cause such Borrower Subsidiary to enter into a Grantor Supplement. Such Grantor shall promptly take such actions as are necessary to perfect the security interest granted under such Grantor Supplement including without limitation, if such Borrower Subsidiary is organized under the law of Ireland, or has a place of business or assets (including without limitation shares in a company organized under the law of Ireland) located in Ireland, by causing such Grantor Supplement to be duly recorded with the Irish Registrar of Companies and the Irish Revenue Commissioners within 21 days after the execution of such Grantor Supplement, or such lesser period as may be applicable under Requirements of Law.

Section 2.12 Place of Perfection; Records. Each Grantor shall keep its jurisdiction of organization, chief place of business and chief executive office and the office where it keeps its records concerning the Collateral at the location specified in Schedule IV or, upon 30 days' prior written notice to the Collateral Agent and Administrative Agent, at such other locations in a jurisdiction where all actions required by Section 10.2(a) of the Credit Agreement shall have been taken with respect to the Collateral. Each Grantor shall hold and preserve such records and shall permit representatives of the Collateral Agent and/or Administrative Agent at any time during normal business hours to inspect and make abstracts or copies from such records, all at the sole cost and expense of such Grantor.

Section 2.13 Voting Rights; Dividends; Etc. (a) So long as no Event of Default shall have occurred and be continuing and the Facility Termination Date has not occurred or been declared under the terms of the Credit Agreement:

(i) Each of the Grantors shall be entitled to exercise any and all voting and other consensual rights pertaining to all or any part of the Security Collateral, Membership Interest Collateral and Beneficial Interest Collateral pledged by such Grantor for any purpose not inconsistent with the terms of this Agreement, the charter documents of such Grantor or the Credit Agreement; provided, however, that such Grantor shall not exercise or shall refrain from exercising any such right if in its judgment such action would have a material adverse effect on the value of all or any part of the Security Collateral, Membership Interest Collateral or the Beneficial Interest Collateral; and

(ii) The Collateral Agent shall execute and deliver (or cause to be executed and delivered) to such Grantor all such proxies and other instruments as such Grantor may reasonably request in writing and provide for the purpose of enabling such Grantor to exercise the voting and other rights that it is entitled to exercise pursuant to Section 2.13(a)(i).

(b) Whether or not any Event of Default shall have occurred and be continuing and whether or not the Facility Termination Date has occurred or been declared under the terms of the Credit Agreement, any and all distributions, dividends and interest paid in respect of the Security Collateral, Membership Interest Collateral and Beneficial Interest Collateral pledged by such Grantor, including any and all (i) distributions, dividends and interest paid or payable other than in cash in respect of, and instruments and other property received, receivable or otherwise distributed in respect of, or in exchange for, such Security Collateral, Membership Interest Collateral or Beneficial Interest Collateral; (ii) distributions, dividends and other distributions paid or payable in cash in respect of such Security Collateral, Membership Interest Collateral or Beneficial Interest Collateral in connection with a partial or total liquidation or dissolution or in connection with a reduction of capital, capital surplus or paid-in surplus; and (iii) cash paid, payable or otherwise distributed in respect of principal of, or in redemption of, or in exchange for, such Security Collateral, Membership Interest Collateral or Beneficial Interest Collateral shall be paid into the Collection Account and, if received by such Grantor, shall be received in trust for the benefit of the Secured Parties, be segregated from the other property or funds of such Grantor and be forthwith paid to the Collection Account in the same form as so received (with any necessary endorsement).

(c) Upon the occurrence of an Event of Default which is continuing or if the Facility Termination Date has occurred or been declared, all rights of each Grantor to exercise or refrain from exercising the voting and other consensual rights that it would otherwise be entitled to exercise pursuant to Section 2.13(a)(i) and 2.13(a)(ii) shall cease, and all such rights shall thereupon become vested in the Collateral Agent, who, subject to Section 5.04(d), shall thereupon have the sole right to exercise or refrain from exercising such voting and other consensual rights (including, but not limited to, the right, subject to the restrictions set forth in the applicable organizational documents, to remove or appoint any trustee, directors and officers of any direct or indirect subsidiary of the Borrower), provided, however, that the Collateral Agent shall exercise such voting or consensual right only upon receipt of instruction from the Administrative Agent.

Section 2.14 Transfers and Other Encumbrances; Additional Shares or Interests. (a) No Grantor shall (i) sell, assign (by operation of law or otherwise) or otherwise dispose of, or grant any option with respect to, any of the Collateral or (ii) create or suffer to exist any Lien (other than Permitted Liens) upon or with respect to any of the Collateral of such Grantor, other than the pledge, assignment, lien and security interest created by this Agreement and as otherwise provided herein or in the Credit Agreement.

(b) Except to the extent permitted by the Credit Agreement, the Borrower Subsidiaries shall not, and the Borrower shall not permit the Borrower Subsidiaries to, issue, substitute, deliver or sell any shares, interests, participations or other equivalents in any Borrower Subsidiary. Any beneficial interest or capital stock or other securities or interests issued in respect of, or in substitution for, the Pledged Stock, Pledged Membership Interest or the Pledged Beneficial Interest shall be issued or delivered (with any necessary endorsement) to the Collateral Agent.

(c) All distributions, dividends and interest payments that are received by such Grantor contrary to the provisions of this Agreement shall be received in trust for the benefit of the Secured Parties, shall be segregated from other funds of such Grantor and shall be forthwith paid over to the Collateral Agent as Security Collateral or Beneficial Interest Collateral as the case may be, in the same form as so received (with any necessary endorsement).

Section 2.15 Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Collateral Agent such Grantor's attorney-in-fact (in the case of any Grantor incorporated in Ireland such appointment shall be by way of security), with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion, upon advice and instruction of the Administrative Agent (except for item (d) below, upon the occurrence of an Event of Default which is continuing or if the Facility Termination Date has occurred or been declared), to take any action and to execute any instrument that the Administrative Agent may deem necessary or advisable for the Collateral Agent to take to accomplish the purposes of this Agreement or to take any action and to execute any instrument as directed by the Administrative Agent in accordance with the terms of this Agreement and the Credit Agreement, including, but not limited to:

(a) to ask for, demand, collect, sue for, recover, compromise, receive and give aquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse and collect any Accounts Receivable, drafts or other instruments and documents in connection included in the Collateral;

(c) to file any claims or take any action or institute any proceedings that the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral;

(d) to execute and file any financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, including as identified to the Collateral Agent pursuant to the Opinion of Counsel described in

Section 2.19 hereof in order to perfect and preserve the pledge, assignment and security interest granted hereby; provided that the Collateral Agent's exercise of any such power shall be subject to Section 2.08(d); and

(e) upon prior notice to the Borrower on behalf of the Grantors, notify account debtors that the Accounts Receivable and the right, title and interest of any Grantor in and under such Accounts Receivable have been assigned to Collateral Agent, and that payments thereunder shall be made directly to the Collateral Agent, for the benefit of the Secured Parties.

Section 2.16 Collateral Agent May Perform. If any Grantor fails to perform any agreement contained in this Agreement, the Administrative Agent or the Collateral Agent (at the direction of the Administrative Agent) may (but shall not be obligated to) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent or the Administrative Agent incurred in connection with doing so shall be payable by the Grantors.

Section 2.17 Covenant to Pay. Each Grantor covenants with the Collateral Agent (for the benefit of the Collateral Agent and the Secured Parties) that it will pay or discharge any monies and liabilities whatsoever that are now, or at any time hereafter may be, due, owing or payable by such Grantor in any currency, actually or contingently, solely and/or jointly, and/or severally with another or others, as principal or surety on any account whatsoever pursuant to the Service Provider Documents, the Credit Agreement, and the Hedge Agreements in accordance with their terms.

Section 2.18 Delivery of Collateral Supplements. Upon the acquisition by any Grantor of any Relevant Collateral or establishment of a Non-Trustee Account, the relevant Grantor shall concurrently execute and deliver to the Collateral Agent a Collateral Supplement duly completed with respect to such Collateral and shall take such steps with respect to the perfection of such Collateral as are called for in this section and otherwise in this Agreement for Collateral of the same type; provided that the foregoing shall not be construed to impair or otherwise derogate from any restriction on any such action in any Transaction Document and provided, further that the failure of any Grantor to deliver any Collateral Supplement as to any such Collateral shall not impair the lien of this Agreement as to such Collateral. If such Grantor is organized under the law of Ireland, or has a place of business or assets (including without limitation shares in a company organized under the law of Ireland) located in Ireland, the relevant Grantor shall cause such Grantor Supplement to be duly recorded with the Irish Registrar of Companies and the Irish Revenue Commissioners within 21 days after the execution of such Grantor Supplement, or such lesser period as may be applicable under Requirements of Law. Without limitation of the requirements of the immediately preceding sentence, if such Grantor is the Borrower or any other Borrower Group Member organized under the law of Bermuda, such Grantor shall cause such Grantor Supplement to be duly recorded with the appropriate register of Bermuda.

Section 2.19 Annual Opinion. Upon each anniversary of the Closing Date, the Borrower shall cause to be delivered to the Collateral Agent and the Administrative Agent an Opinion of Counsel in each Annual Opinion Jurisdiction to the effect that (i) during the preceding year there has not occurred any change of the law of such jurisdiction that would require the taking of any action in order to maintain the perfection or priority of the lien of this Agreement on the Collateral or, if there has been such a change, setting forth the actions so to be

taken and (ii) no additional financing statement, continuation statement or amendment thereof, or other document or instrument, is required to be filed, and no other action is required to be taken, under the law in existence on the date of such opinion, during the next twelve months to maintain the perfected security interest of the Collateral Agent in any part of the Collateral granted hereunder or under any other Transaction Document, or identifying any such required financing statement, continuation statement, amendment, instrument, document or other action. The Borrower agrees to take all such actions as may be indicated in any such opinion, except that, as provided in Section 2.09, the Collateral Agent shall take any such actions as may be required with respect to any Securities Intermediary.

Section 2.20 Covenants Regarding Control. No Grantor shall cause or permit any Person other than the Collateral Agent to have "control" as defined in Section 9-104, 9-105, 9-106, or 9-107 of the UCC ("Control") of any Supporting Obligations or Letter of Credit Rights, or any "deposit account," "securities account," "electronic chattel paper" or "investment property" (as such terms are defined in Article 9 or Article 8 of the UCC as applicable), in each case, included in the Collateral or any Bank Account or Non-Trustee Account.

Section 2.21 Share Mortgage; etc. In the case of any Borrower Subsidiary that is incorporated under the law of Ireland, the Borrower shall, and shall cause each other Borrower Group Member (as applicable) to, enter into an Irish Share Mortgage in respect of the issued share capital (if any) held by it in such Borrower Subsidiary. Such Irish Share Mortgage shall be entered into at the time

contemplated by the terms of Section 2.11(d). The Borrower shall cause such Irish Share Mortgage to be filed with the Irish Registrar of Companies and the Irish Revenue Commissioners within 21 days following the execution and delivery by such Grantor of such Irish Share Mortgage, or such lesser period as may be applicable under Requirements of Law, and shall take any other actions as may be required or as the Administrative Agent or the Collateral Agent (at the direction of the Administrative Agent) may reasonably request, in order to cause such Irish Share Mortgage to constitute a perfected and (to the extent recognized under Applicable Law) first-priority security interest in the share capital covered thereby. In the case of any Borrower Subsidiary that is not incorporated under the law of Ireland, the Borrower shall, and shall cause each other Borrower Group Member (as applicable) to, enter into an appropriate share mortgage, beneficial interest security agreement, or other security agreement or instrument as may be reasonably requested by the Administrative Agent or Collateral Agent (at the direction of the Administrative Agent), in respect of the issued share capital or other ownership or beneficial interest held by it in such Borrower Subsidiary. Such share mortgage or other agreement or instrument shall be entered into at the time contemplated by the terms of Section 2.11(d). The Borrower shall cause such share mortgage or other agreement or instrument to be filed with any appropriate register and shall take such other actions as may be necessary or as the Administrative Agent or the Collateral Agent (at the direction of the Administrative Agent) may reasonably request in order to cause such mortgage, agreement or instrument to constitute a first-priority security interest in the share capital or other ownership or beneficial interest covered thereby.

Section 2.22 Subordination of Intercompany Obligations. The Borrower agrees that all Intercompany Obligations shall be subject and subordinate and junior in right of payment and performance to all obligations of the Borrower Subsidiaries to the Collateral Agent and Administrative Agent hereunder and to the security interests in the Collateral granted to the

Collateral Agent for the benefit of the Secured Parties to secure the payment and performance of the Secured Obligations. Upon the occurrence and during the continuance of an Event of Default or if the Facility Termination Date has occurred or been declared under the terms of the Credit Agreement, then unless and until all Secured Obligations shall have been paid and performed in full, (x) no payment on account of the principal of, or interest on, or any other amount in respect of, the Intercompany Obligations or any judgment with respect thereto shall be made by or on behalf of any Borrower Subsidiary to the Borrower and (y) the Borrower shall not (A) ask, demand, sue for, take or receive from any Borrower Subsidiary, by set-off or in any other manner any payment on account of the principal of, or interest on, or any other amount in respect of, the Intercompany Obligations or (B) seek any other remedy allowed at law or in equity against any Borrower Subsidiary for a breach of Intercompany Obligations. If any payment or distribution of any character, whether in cash, securities or other property, in respect of Intercompany Obligations shall be received by the Borrower in violation of the terms of this section, such payment or distribution shall be held in trust for the benefit of, and shall be paid over or delivered to, the Administrative Agent for the benefit of the Secured Parties to the extent necessary to pay all Secured Obligations in full.

ARTICLE III
REMEDIES

Section 3.01 Remedies. Upon the occurrence of an Event of Default which is continuing or if the Facility Termination Date has occurred or been declared:

(a) The Collateral Agent shall, at the direction of the Administrative Agent (which, in turn, shall have received direction from the Class A Majority Lenders), exercise in respect of the Collateral, in addition to other rights and remedies provided for herein, all the rights and remedies of a secured party upon default under the UCC (whether or not the UCC applies to the affected Collateral) and (i) require any Grantor to, and such Grantor hereby agrees that it shall at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties and (ii) without notice except as specified below, sell or cause the sale of the Collateral or any part thereof in one or more parcels at public or, with notice to the Class B Lenders and Class C Lenders, private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent (upon advice and instruction from the Administrative Agent) may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' notice to such Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent (upon advice and instruction from the Administrative Agent) shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. Notwithstanding any provision in this Agreement to the contrary, any aforementioned sale of Collateral (i) shall be subject to the provisions of Section 13.3(c) of the Credit Agreement and (ii) shall not be subject to the restrictions described in Section 10.8 of the Credit Agreement.

(b) Subject to the provisions hereof, any Secured Party shall be allowed to bid on any such foreclosure sale in debt (together with payment in cash, if necessary).

(c) All cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon all or any part of the Collateral shall be deposited into the Collection Account for distribution pursuant to Section 8.1(e)(ii) of the Credit Agreement. Any surplus of such cash or cash proceeds held by the Collateral Agent and remaining after payment in full of all the Obligations (as defined in the Credit Agreement) shall be paid over to the relevant Grantors or whomsoever may be lawfully entitled to receive such surplus. Any amount received for any sale or sales conducted in accordance with the terms of this Section 3.01 shall be

deemed conclusive and binding on the Borrower, each Grantor and the Secured Parties.

(d) Until the occurrence of an Event of Default which is continuing or if the Facility Termination Date has occurred or been declared under the terms of the Credit Agreement, so long as the Service Providers are acting in such capacity with respect to any Lease pursuant to the provisions of the Service Provider Agreements, each of the Collateral Agent as assignee of the Grantors and the Administrative Agent agrees not to take any action constituting Services (as defined in any Service Provider Agreement) and is otherwise subject to the terms of the Service Provider Agreements when acting thereunder in place of any Grantor, except (subject to Section 2.08(g)) to the extent the Borrower would then be entitled to take such action under the express terms of the Service Provider Agreements.

Section 3.02 Iris Conveyancing Acts. Notwithstanding anything to the contrary contained in this Agreement and in addition to and without prejudice to any other rights or power of the Collateral Agent under this Agreement or under general law in any relevant jurisdiction, at any time that the Collateral shall become enforceable, the Collateral Agent shall be entitled to appoint a receiver under this Agreement or under the Conveyancing and Law of Property Act 1881 (as amended and as the same may be amended, modified or replaced from time to time, the "1881 Act") and such receiver shall have all such powers, rights and authority conferred under the 1881 Act, this Agreement and otherwise under the laws of Ireland without any limitation or restriction imposed by the 1881 Act or otherwise under the laws of Ireland which may be excluded or removed. Sections 17 and 20 of the 1881 Act shall not apply to the Collateral or any receiver appointed under this Agreement or under the 1881 Act and section 24(b) of the Act shall not apply to the Collateral or to any receiver appointed under this Agreement.

ARTICLE IV
SECURITY INTEREST ABSOLUTE

Section 4.01 Security Interest Absolute. A separate action or actions may be brought and prosecuted against each Grantor to enforce this Agreement, irrespective of whether any action is brought against any other Grantor or whether any other Grantor is joined in any such action or actions. All rights of the Collateral Agent and the Administrative Agent and the security interest and lien granted under, and all obligations of each Grantor under, this Agreement shall be absolute and unconditional, irrespective of:

(a) any lack of validity or enforceability of any Transaction Document, Assigned Document, the Loan Expenses Apportionment and Guarantee Agreement, or Hedge Agreement or any other agreement or instrument relating thereto;

(b) any change in the time, manner or place of payment of, the security for, or in any other term of, all or any of the Secured Obligations, or any other amendment or waiver of or any consent to any departure from any Transaction Document, Assigned Document, or Hedge Agreement or any other agreement or instrument relating thereto;

(c) any taking, exchange, release or non-perfection of the Collateral or any other collateral or taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Secured Obligations;

(d) any manner of application of collateral, or proceeds thereof, to all or any of the Secured Obligations, or any manner of sale or other disposition of any collateral for all or any of the Secured Obligations or any other assets of such Grantor;

(e) any change, restructuring or termination of the corporate structure, partnership or trust or existence as applicable of any Grantor; or

(f) any other circumstance that might otherwise constitute a defense available to, or a discharge of, any Grantor or a third-party grantor of a security interest or a Person deemed to be a surety.

ARTICLE V
THE COLLATERAL AGENT

Section 5.01 Authorization and Action. (a) Each Secured Party by its acceptance of the benefits of this Agreement hereby appoints and authorizes DBTCA as the initial Collateral Agent to take such action as trustee on behalf of the Secured Parties and to exercise such powers and discretion under this Agreement and the other Transaction Documents as are specifically delegated to the Collateral Agent by the terms of this Agreement and of the Transaction Documents, and no implied duties and covenants shall be deemed to arise against the Collateral Agent. Each Grantor and the Administrative Agent acknowledge and agree that the Collateral Agent shall comply with all written instructions and directions of the Administrative Agent given in accordance with this Agreement and the Credit Agreement without further consent of any Grantor and notwithstanding any contrary instructions or directions of any Grantor.

(b) The Collateral Agent accepts such appointment and agrees to perform the same but only upon the terms of this Agreement and the Credit Agreement and agrees to receive and disburse all moneys received by it in accordance with the terms of this Agreement and the Credit Agreement. The Collateral Agent in its individual capacity shall not be answerable or accountable under any circumstances, except for its own willful misconduct or gross negligence (or simple negligence in the handling of funds) or breach of any of its representations or warranties set forth in this Agreement, and the Collateral Agent shall not be liable for any action or inaction of any Grantor or any other parties to any of the Transaction Documents.

(c) The Collateral Agent shall take all actions permitted hereunder and exercise all powers granted to it hereunder upon, and at the direction of, the Administrative Agent. The Collateral Agent shall have a reasonable period in which to act upon any instruction, direction or notice received hereunder.

(d) The Collateral Agent agrees to promptly deliver to the Administrative Agent copies of all items delivered to the Collateral Agent hereunder.

(e) Whenever the Collateral Agent is required to provide its consent or direction or otherwise make a determination under this Credit Agreement or any other Transaction Document, the Collateral Agent shall act only upon the written instructions of the Administrative Agent. The Collateral Agent may conclusively rely on such instructions, and shall be entitled to refrain from providing such consent or direction or making such determination in the absence of such instructions.

Section 5.02 Limitation of Duties. The powers conferred on the Collateral Agent under this Agreement with respect to the Collateral shall not impose any duty upon it, except as explicitly set forth herein, to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it under this Agreement, the Collateral Agent shall have no duty, unless directed by the Administrative Agent, as to ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Collateral, whether or not any Secured Party has or is deemed to have knowledge of such matters, or as to the taking of any necessary steps to preserve or perfect rights against any parties or any other rights pertaining to any Collateral. The Collateral Agent shall have no duty to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of any Grantor or Lessee. In no event shall the Collateral Agent be liable for any punitive or special damages nor for any damages arising or caused by an act of God, war or any other matter beyond the reasonable control of the Collateral Agent or the Account Bank.

Section 5.03 Representations or Warranties. The Collateral Agent does not make, and shall not be deemed to have made, any representation or warranty as to the validity, legality or enforceability of this Agreement, any other Transaction Document or any other document or instrument or as to the correctness of any statement contained in any thereof, or as to the validity or sufficiency of any of the pledge and security interests granted hereby, except that the Collateral Agent in its individual capacity hereby represents and warrants (a) that each such specified document to which it is a party has been or will be duly executed and delivered by two of its officers who is and will be duly authorized to execute and deliver such document on its behalf, and (b) this Agreement is the legal, valid and binding obligation of DBTCA, enforceable against DBTCA in accordance with its terms, subject to the effect of any applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

Section 5.04 Reliance; Agents; Advice of Counsel. (a) The Collateral Agent shall incur no liability to anyone as a result of acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document believed by it to be genuine and believed by it to be signed by the proper party or parties. The Collateral Agent may accept a copy of a resolution of the board or other governing body of any party to this

Agreement or any other Transaction Document, certified by the Secretary or an Assistant Secretary thereof or other duly authorized Person of such party as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said board or other governing body and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described in this Agreement, the Collateral Agent shall be entitled to receive and may for all purposes hereof conclusively rely on a certificate, signed by an officer of any Person, as to such fact or matter, and such certificate shall constitute full protection to the Collateral Agent for any action taken or omitted to be taken by it in good faith in reliance thereon. The Collateral Agent shall furnish to each Service Provider upon request such information and copies of such documents as the Collateral Agent may have and as are necessary for such Service Provider to perform its duties under the applicable Transaction Documents. The Collateral Agent shall assume, and shall be fully protected in assuming, that each other party to this Agreement is authorized by its constitutional documents to enter into this Agreement and to take all action permitted to be taken by it pursuant to the provisions of this Agreement, and shall not inquire into the authorization of such party with respect thereto.

(b) The Collateral Agent may execute any of the powers hereunder or perform any duties under this Agreement either directly or by or through agents, or attorneys or a custodian or nominee, provided that the Collateral Agent shall be responsible for any actions or inactions of any such agent, attorney, custodian or nominee.

(c) The Collateral Agent may consult with counsel, and any opinion of counsel or any advice of such counsel shall be full and complete authorization and protection in respect of any action taken or suffered or omitted by it under this Agreement in good faith and in accordance with such advice or opinion of counsel.

(d) The Collateral Agent shall be under no obligation to exercise any of the rights or powers vested in it by this Agreement, or to institute, conduct or defend any litigation under this Agreement or in relation hereto, at the request, order or direction of any of the Secured Parties, pursuant to the provisions of this Agreement, unless the Collateral Agent shall have received written advice, instruction or direction from the Administrative Agent with respect to such matter, and if the funds provided in accordance with Section 8.1(e) of the Credit Agreement are not available to pay for the costs and expenses incurred by the Collateral Agent, such Secured Party shall have offered to the Collateral Agent reasonable security or indemnity satisfactory to it against the costs, expenses and liabilities which may be incurred therein or thereby.

(e) The Collateral Agent shall not be required to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if the funds provided in accordance with Section 8.1(e) of the Credit Agreement are not available to pay for the costs and expenses incurred by the Collateral

Agent and none of the provisions contained in this Agreement shall in any event require the Collateral Agent to perform, or be responsible or liable for the manner of performance of, any obligations of the Borrower or any Service Provider under any of the Transaction Documents.

(f) Reserved.

(g) When the Collateral Agent incurs expenses or renders services in connection with an exercise of remedies specified in Section 3.01, such expenses (including the fees and expenses of its counsel) and the compensation for such services is intended to constitute expenses of administration under any bankruptcy law or law relating to creditors' rights generally.

(h) The Collateral Agent shall not be charged with knowledge of an Event of Default unless a Responsible Officer of the Collateral Agent obtains actual knowledge of such event or the Collateral Agent receives written notice of such event from any of the Secured Parties or the Administrative Agent.

(i) The Collateral Agent shall have no duty to monitor the effectiveness or perfection of any security interest in any Collateral or the performance of the Borrower, any Service Provider or any other party to the Transaction Documents, nor shall it have any liability in connection with the appointment of any Service Provider, or the malfeasance or nonfeasance by such parties. The Collateral Agent shall have no liability in connection with non-compliance by the Borrower, any Service Provider or any lessee under a Lease with statutory or regulatory requirements related to the Collateral, any Aircraft or any Lease. The Collateral Agent shall not make or be deemed to have made any representations or warranties with respect to the Collateral, any Aircraft or any Lease or the validity or sufficiency of any assignment or other disposition of the Collateral, any Aircraft, or any Lease.

Section 5.05 No Individual Liability. The Collateral Agent shall have no individual liability in respect of all or any part of the Secured Obligations, and all shall look, subject to the Lien and priorities of payment provided in the Credit Agreement, only to the property of the Grantors for payment or satisfaction of the Secured Obligations.

ARTICLE VI
SUCCESSOR COLLATERAL AGENTS

Section 6.01 Resignation and Removal of Collateral Agent. The Collateral Agent may resign at any time without cause by giving at least 30 days' prior written notice to the Borrower and the Administrative Agent. The Administrative Agent may at any time remove the Collateral Agent without cause by an instrument in writing delivered to the Secured Parties, the Borrower and the Collateral Agent. No resignation or removal of the Collateral Agent pursuant to this Section 6.01 shall become effective prior to the date of appointment by the Administrative Agent of a successor Collateral Agent and the acceptance of such appointment by such successor Collateral Agent.

Section 6.02 Appointment of Successor. (a) In the case of the resignation or removal of the Collateral Agent, the Administrative Agent, on behalf of the Secured Parties, shall promptly appoint a successor Collateral Agent; provided, that, prior to the occurrence of an Event of Default which is continuing or the occurrence or declaration of the Facility Termination Date, such successor shall be reasonably acceptable to the Borrower. If a successor Collateral Agent shall not have been appointed and accepted its appointment hereunder within such 30 day

period after the Collateral Agent gives notice of resignation as to such class or subclass, the retiring Collateral Agent or the Secured Parties (or Administrative Agent on behalf of the Secured Parties) may petition any court of competent jurisdiction for the appointment of a successor Collateral Agent. Any successor Collateral Agent so appointed by such court shall immediately and without further act be superseded by any successor Collateral Agent appointed as provided in the first sentence of this paragraph within one year from the date of the appointment by such court.

(b) Any successor Collateral Agent shall execute and deliver to the Secured Parties an instrument accepting such appointment. Upon the acceptance of any appointment as Collateral Agent hereunder, a successor Collateral Agent, upon the execution and filing or recording of such financing statements, or amendments thereto, and such amendments or supplements to this Agreement, and such other instruments or notices, as may be necessary or desirable, or as the Administrative Agent may request, in order to continue the perfection (if any) of the liens granted or purported to be granted hereby, shall succeed to and become vested with all the rights, powers, discretion, privileges and duties of the retiring Collateral Agent, and the retiring Collateral Agent shall be discharged from its duties and obligations under this Agreement and the other Transaction Documents. The retiring Collateral Agent shall take all steps necessary to transfer all Collateral in its possession and all its control over the Collateral to the successor Collateral Agent. After any retiring Collateral Agent's resignation or removal hereunder as to any actions taken or omitted to be taken by it while it was Collateral Agent, the provisions of all of Article VII shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Collateral Agent under this Agreement.

(c) Each Collateral Agent shall be an Eligible Institution acceptable to the Secured Parties.

(d) Any corporation into which the Collateral Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Collateral Agent shall be a party, or any corporation to which substantially all the business of the Collateral Agent may be transferred, shall be the Collateral Agent under this

Agreement without further act.

(e) Following the resignation or removal of the Collateral Agent, and the appointment and acceptance of such appointment by a successor Collateral Agent, all references to "Illinois" in Sections 2.05 and 2.09 herein shall be deemed to refer to the state in which the Collateral Agent is physically located.

ARTICLE VII
EXPENSES

Section 7.01 In General. The Borrower shall, upon demand and pursuant to Section 8.01(e) of the Credit Agreement, pay to the Collateral Agent and the Account Bank the amount of any and all reasonable expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that each such party may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from or other realization upon, any of the Collateral, (iii) the exercise or

enforcement of any of the rights of the Collateral Agent, the Account Bank or any other Secured Party against any Grantor hereunder, or (iv) the failure by any Grantor to perform or observe any of the provisions hereof.

Section 7.02 Reserved.

Section 7.03 No Compensation from Secured Parties. The Collateral Agent and the Account Bank each agree that it shall have no right against the Secured Parties for any fee as compensation for its services in such capacity.

Section 7.04 Collateral Agent and Account Bank Fees. In consideration of the Collateral Agent's and the Account Bank's performance of the services provided for under this Agreement, the Borrower shall pay to the Collateral Agent and the Account Bank, a fee, payable monthly on each Payment Date together with all expenses and charges as set forth under a separate agreement among the Borrower, the Collateral Agent and the Account Bank.

ARTICLE VIII
MISCELLANEOUS

Section 8.01 Amendments; Waivers; Etc. (a) No amendment or waiver of any provision of this Agreement, and no consent to any departure by any party from the provisions of this Agreement, shall in any event be effective unless the same shall be in writing and signed by the parties hereto, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In executing and delivering any amendment or modification to this Agreement, unless the terms of Section 5.04(d) shall have been satisfied with respect to such amendment or modification, the Collateral Agent shall be entitled to (i) an Opnion ofCounsel delivered by counsel satisfactory to the Collatiral Age t stating that such amendment is authorized and permitted pursuant to the Credit Agreement and this Agreement and complies with the terms thereof and hereof or (ii) an Officer's Certificate of the Borrower stating that such amendment is authorized and permitted pursuant to the Credit Agreement and all conditions precedent to the execution, delivery and performance of such amendment have been satisfied in full. The Collateral Agent may, but shall have no obligation to, execute and deliver any amendment or modification which would affect its duties, powers, rights, immunities or indemnities hereunder.

(b) Upon the execution and delivery by any Person of a Grantor Supplement, (i) such Person shall be referred to as an "Additional Grantor" and shall be and become a Grantor hereunder, and each reference in this Agreement to "Grantor" shall also mean and be a reference to such Additional Grantor, (ii) Annexes I, III and IV attached to each Grantor Supplement shall be incorporated into, become a part of and supplement Schedules I, III and IV, respectively, and the Collateral Agent may attach such Annexes as supplements to such Schedules; and each reference to such Schedules shall be a reference to such Schedules as so supplemented and (iii) such Additional Grantor shall be a Grantor for all purposes under this Agreement and shall be bound by the obligations of the Grantors hereunder.

(c) Upon the execution and delivery by a Grantor of a Collateral Supplement, Annex I to each Collateral Supplement shall be incorporated into, become a part of and

supplement Schedule I, and the Collateral Agent may attach such Annex as supplements to such Schedule; and each reference to such Schedule shall be a reference to such Schedule as so supplemented.

Section 8.02 Addresses for Notices. All notices and other communications provided for hereunder shall be in writing (including telecopier) and mailed, telecopied or delivered to the intended recipient at its address specified, as follows:

If to Borrower or any other Borrower Group Member:

AerFunding 1 Limited
Clarendon House
2 Church Street

Hamilton, HM 11
Bermuda
Attention: Company Secretary
Fax: +1 (441) 295-1861

With a copy to:

AerCap Administrative Services Limited
AerCap House
Shannon
Ireland
Attention: Company Secretary
Fax: +353- 61-723850

For the Collateral Agent and the Account Bank:

Deutsche Bank Trust Company Americas
60 Wall Street, 26th Floor
New York, NY 10005
Attention: Trust and Securities Services/Structured Finance Services
Fax: +1 (906) 608-3215

For the Administrative Agent:

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Prakash Wadhwani
Fax: No.: +1 (212) 713-7999

With a copy to:

1285 Avenue of the Americas - 11th Floor
New York, NY 10019
Attention: Kathy Pringle

Fax: +1 (212) 713-7999

With a further copy to:

677 Washington Blvd., 6th floor tower
Stamford, CT 06901
Attention: Marc Ferrante
Fax: +1 (203) 719-3888

With a further copy to:

Kaye Scholer LLP
425 Park Avenue
New York, New York 10022
Attention: Henry G. Morriello, Esq.
Fax: +1 (212) 836-8689
email: hmorriello@kayescholer.com

or, as to each party, at such other address as shall be designated by such party in a written notice to each other party complying as to delivery with the terms of this Section 8.02. Each such notice shall be effective (a) upon receipt when sent through the mails, registered or certified mail, return receipt requested, postage prepaid, with such receipt to be effective the date of delivery indicated on the return receipt, or (b) one Business Day after delivery to an overnight courier, or (c) on the date personally delivered to an authorized officer of the party to which sent, or (d) on the date transmitted by legible telecopier transmission with a confirmation of receipt.

Section 8.03 No Waiver; Remedies. No failure on the part of the Collateral Agent to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

Section 8.04 Severability; Enforcement. (a) If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired.

(b) Each Borrower Subsidiary's grant of a security interest shall be limited so as to secure the Secured Obligations

in an amount equal to the largest amount that would not render such grant avoidable, invalid or unenforceable on account of Section 548 of the United States Bankruptcy Code, any applicable provision of comparable state law or any other state or federal bankruptcy, insolvency, reorganization or other law affecting the rights of creditors generally.

Section 8.05 Continuing Security Interest; Assignments. Subject to Section 8.06(b), this Agreement shall create a continuing security interest in the Collateral and shall (a) remain in full force and effect until the earlier of the payment in full in cash of the Secured Obligations and the circumstances specified in Section 8.06(b), (b) be binding upon each Grantor, its successors

and assigns and (c) inure, together with the rights and remedies of the Administrative Agent and the Collateral Agent hereunder, to the benefit of the Secured Parties and their respective successors, transferees and assigns. Without limiting the generality of the foregoing clause (c), any Secured Party may assign or otherwise transfer all or any portion of its rights and obligations under any Transaction Document to which it is a party in accordance with the terms thereof to any other Person or entity, and such other Person or entity shall thereupon become vested with all the rights in respect thereof granted to such Secured Party herein or otherwise. No Borrower Group Member may assign or otherwise transfer all or any portion of its obligations hereunder.

Section 8.06 Release and Termination. (a) Upon any sale, lease, transfer or other disposition of any item of Collateral in accordance with the terms of this Agreement and the Credit Agreement, the Collateral Agent (at the Administrative Agent's direction) will, at the Borrower's expense, execute and deliver to the Grantor of such item of Collateral such documents as such Grantor shall reasonably request to evidence the release of such item of Collateral from the assignment and security interest granted hereby, including the release of any and all security deposits, maintenance reserves, letters of credit, insurance or other proceeds and all other items related to the released Collateral.

(b) Upon the payment in full in cash of the Secured Obligations (and the expiration or termination of all commitments of the Lenders under the Credit Agreement), the pledge, assignment and security interest granted hereby shall terminate and all rights to the Collateral shall revert to the applicable Grantors. Upon receipt of a written notice from the Administrative Agent specifying any such termination, the Collateral Agent (at the Administrative Agent's direction) will, at the Borrower's expense, execute and deliver to each relevant Grantor such documents as such Grantor shall prepare and reasonably request to evidence such termination (and, as appropriate, redeliver certificates or other instruments representing or evidencing any of the Collateral).

Section 8.07 Limited Recourse. All amounts payable by the Borrower in respect of its obligations hereunder shall be recoverable only from and to the extent of the assets of the Borrower and any proceeds thereof. No recourse under any obligation of the borrower evidenced by this Agreement shall be had against any shareholder, officer or director of the Borrower, by the enforcement of any assessment or by any proceeding by virtue of any statute or otherwise; it being expressly agreed and understood that this Agreement evidences a corporate obligation of the Borrower and no personal liability shall attach to or be incurred by the shareholders, officers, agents or directors of the Borrower as such, or any of them under or by reason of any of the obligations evidenced by this Agreement, and that any and all personal liability for braches by the Borrower of any of such obligations, covenants or agreements, either at law or by statute or constitution, of every such shareholder, officer, agent or director is hereby expressly waived by the Collateral Agent and the Administrative Agent.

Section 8.08 Governing Law. THIS AGREEMENT, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE HEREOF, SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE INTERNAL SUBSTANTIVE LAWS OF THE STATE OF NEW YORK WITHOUT GIVING EFFECT TO CONFLICTS OF LAW PRINCIPLES THEREOF (OTHER THAN § 5-1401 OF THE GENERAL OBLIGATIONS LAW).

Section 8.09 Jurisdiction. (a) Each of the parties hereto irrevocably agrees that the courts sitting in the borough of Manhattan in the City of New York shall have jurisdiction to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and, for such purposes, irrevocably submits to the jurisdiction of such courts. Each of the parties hereto irrevocably waives any objection which it might now or hereafter have to the federal U.S. or New York State courts located in New York, New York being nominated as the forum to hear and determine any suit, action or proceeding, and to settle any disputes, which may arise out of or in connection with this Agreement and agrees not to claim that any such court is not a convenient or appropriate forum. Each Non-U.S. Borrower Group Member agrees that the process by which any suit, action or proceeding is begun may be served on it by being delivered in connection with any suit, action or proceeding in the City of New York to National Registered Agents, Inc., with an office on the date hereof at 875 Third Avenue, Suite 501, New York, New York 10001, and each of them hereby appoints National Registered Agents, Inc. its designee, appointee and agent to receive, accept and acknowledge for and on its behalf such service of legal process.

(b) Each Grantor hereby consents generally in respect of any legal action or proceeding arising out of or in connection with this Agreement to the giving of any relief or the issue of any process in connection with such action or proceeding, including the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such action or proceeding.

Section 8.10 Counterparts. This Agreement may be executed in two or more counterparts by the parties hereto, and each such counterpart shall be considered an original and all such counterparts shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile or electronic mail shall be effective as delivery of a manually executed

counterpart of this Agreement.

Section 8.11 Table of Contents, Headings, Etc. The Table of Contents and headings of the Articles and Sections of this Agreement have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms and provisions hereof.

Section 8.12 Effectiveness; Date of this Agreement. This Agreement shall be effective when executed and delivered by each party hereto.

Section 8.13 Administrative Agent Approvals. Whenever the Administrative Agent is permitted hereunder to exercise an approval right (or whenever it is stated that a certain matter must be satisfactory to the Administrative Agent), the Administrative Agent may exercise grant such approval (or find such matter satisfactory) without the consent of the Lenders.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by its representative or officer thereunto duly authorized as of the date first above written.

AERFUNDING 1LIMITED

By: Liam J. Meabe
Name: LIAM J. MEABE
Title: DIRECTOR

DEUTSCHE BANK TRUST COMPANY AMERICAS, as Collateral Agent

By: /s/ Eileen M. Hughes
Name: EILEEN M. HUGHES
Title: VICE PRESIDENT

By: [ILLEGIBLE]
Name: [ILLEGIBLE]
Title: VICE PRESIDENT

UBS SECURTTIES LLC, as Administrative Agent

By: /s/ Prakash Wadhwani
Name: Prakash Wadhwani
Title: Director

By: /s/ Mostafiz Shahmohammed
Name: MOSTAFIZ SHAHMOHAMMED
Title: EXECUTIVE DIRECTOR

[Security Trust Agreement]

SCHEDULE I
Security Trust Agreement

PLEDGED STOCK

Stock Issuer	Par Value	Certificate No(s).	Number of Shares Pledged	Percentage of Shares Issued and Outstanding

PLEDGED MEMBERSHIP INTERESTS

Borrower	Certificate No.	Percentage of Membership Interests

PLEDGED BENEFICIAL INTERESTS

All of the beneficial interests created in the trusts pursuant to each Trust Agreement listed on Schedule V attached hereto.

SCHEDULE II
Security Trust Agreement

NON-TRUSTEE ACCOUNT INFORMATION

NAME AND ADDRESS OF BANK	NAME AND ADDRESS OF NON-TRUSTEE ACCOUNT HOLDER	ACCOUNT NUMBER

SCHEDULE III
Security Trust Agreement

TRADE NAMES

None

SCHEDULE IV
Security Trust Agreement

JURISDICTION OF ORGANIZATION, CHIEF PLACE OF BUSINESS AND CHIEF EXECUTIVE OR REGISTERED OFFICE

Name of Grantor	Chief Executive Office, Chief Place of Business and Registered Office, Jurisdiction
AerFunding 1 Limited	AerFunding 1 Limited Clarendon House 2 Church Street Hamilton, HM 11 Bermuda
[Other Grantors]	

SCHEDULE V
Security Trust Agreement

TRUST AGREEMENTS

None

EXHIBIT A
Security Trust Agreement

RESERVED

[FORM OF COLLATERAL SUPPLEMENT]

Deutsche Bank Trust Company Americas
60 Wall Street, 26th Floor
New York, NY 10005
Attention: Trust and Securities Services/Structured Finance Services

[Date]

Attention:

Re: Security Trust Agreement, dated as of April 26, 2006

Ladies and Gentlemen:

Reference is made to the Security Trust Agreement (the "Security Trust Agreement"), dated as of April 26, 2006 among AerFunding 1 Limited, a Bermuda company (the "Borrower"), the Borrower Subsidiaries listed on the signature pages of, or who otherwise become grantors under, the Security Trust Agreement (together with the Borrower, the "Grantors"), Deutsche Bank Trust Company Americas ("DBTCA") as Collateral Agent, and UBS Securities LLC, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Security Trust Agreement.

The undersigned hereby delivers, as of the date first above written, the attached Annexes I and II pursuant to Section 2.18 of the Security Trust Agreement.

The undersigned Grantor hereby confirms that the property included in the attached Annexes constitutes part of the Collateral and hereby makes each representation and warranty set forth in Section 2.03 of the Security Trust Agreement (as supplemented by the attached Annexes) with respect to such property.

Attached are (i) a Control Agreement in substantially in the form approved in writing by each of the Transaction Agents from each Non-Trustee Account Bank at which each Non-Trustee Account included in the foregoing Collateral is maintained, (ii) where required with respect to any Assigned Document (other than an Assigned Lease) included in the foregoing Collateral, a Consent and Agreement in substantially the form of Exhibit D to the Security Trust Agreement from the counterparty thereto or, with respect to any Assigned Lease included in the foregoing Collateral, such consents, acknowledgements and/or notices as are called for under

---

Section 2.08(a) of the Security Trust Agreement and (iii) duly completed copies of Annexes I and II hereto.

This Collateral Supplement shall in all respects be governed by, and construed in accordance with, the internal substantive laws of the State of New York (without giving effect to conflicts of law principles thereof), including all matters of construction, validity and performance.

Very truly yours,

[NAME OF GRANTOR](1)

By: _____
Name:
Title:

Acknowledged and agreed to as of the date first above written:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
not in its individual capacity, but
solely as Collateral Agent

By: _____
Name:
Title:

(1) If any Irish incorporated company is a party to this Agreement, use the following execution block:

"Signed Sealed and Delivered
by _____
the duly appointed attorney of
[ ]
in the presence of:"

ANNEX I
Collateral Supplement

PLEDGED STOCK

Stock Issuer	Par Value	Certificate No(s).	Number of Shares Pledged	Percentage of Shares Issued and Outstanding
				100%

PLEDGED BENEFICIAL INTERESTS

Issuer	Certificate No.	Percentage of Beneficial Interests

PLEDGED MEMBERSHIP INTERESTS(1)

Issuer	Certificate No.	Percentage of Membership Interests

PLEDGED DEBT

Debt Issuer	Description of Debt	Date

ANNEX II
Collateral Supplement

NON-TRUSTEE ACCOUNT INFORMATION

NAME AND ADDRESS OF BANK	NAME AND ADDRESS OF NON-TRUSTEE ACCOUNT HOLDER	ACCOUNT NUMBER

EXHIBIT B-2
Security Trust Agreement

[FORM OF GRANTOR SUPPLEMENT]

Deutsche Bank Trust Company Americas, as Collateral Agent

60 Wall Street, 26th Floor
New York, NY 10005
Attention: Trust and Securities Services/Structured Finance Services

[Date]

Attention:

Re: Security Trust Agreement, dated as of April 26, 2006

Ladies and Gentlemen:

Reference is made to the Security Trust Agreement (the "Security Trust Agreement"), dated as of April 26, 2006 among AerFunding 1 Limited, a Delaware statutory trust (the "Borrower"), the Borrower Subsidiaries listed on the signature pages of, or who otherwise become grantors under, the Security Trust Agreement (together with the Borrower, the "Grantors"), Deutsche Bank Trust Company Americas, a national banking association ("DBTCA") as Collateral Agent, and UBS Securities LLC, as Administrative Agent. Capitalized terms used herein and not otherwise defined herein shall have the meanings assigned to them in the Security Trust Agreement.

The undersigned hereby agrees, as of the date first above written, to become a Grantor under the Security Trust Agreement as if it were an original party thereto and agrees that each reference in the Security Trust Agreement to "Grantor" shall also mean and be a reference to the undersigned.

To secure the Secured Obligations, the undersigned Grantor hereby assigns and pledges to the Collateral Agent for its benefit and the benefit of the Secured Parties, and hereby grants to the Collateral Agent for its benefit and the benefit of the Secured Parties, a security interest in, all of its right, title and interest in and to:

[To be completed as appropriate]

The undersigned Grantor hereby makes each representation and warranty set forth in Section 2.03 of the Security Trust Agreement (as supplemented by the attached Annexes) and hereby agrees to be bound as a Grantor by all of the terms and provisions of the Security Trust Agreement. Each reference in the Security Trust Agreement to the Pledged Stock, the Pledged Debt, the Pledged Beneficial Interests, the Pledged Membership Interests, the Security Collateral, the Beneficial Interest Collateral, the Membership Interest Collateral, the Bank Account Collateral, the Investment Collateral, the Assigned Agreement, the Assigned Agreement Collateral, the Aircraft Purchase Collateral, the Assigned Leases, the Service Provider Documents, the Servicing Collateral, the Lease Collateral, and the Assigned Documents shall be construed to include a reference to the corresponding Collateral hereunder.

Attached are (i) a Control Agreement in substantially in the form approved in writing by each of the Transaction Agents from each Non-Trustee Account Bank at which each Non-Trustee Account included in the foregoing Collateral is maintained, (ii) where required with respect to any Assigned Document (other than an Assigned Lease) included in the foregoing Collateral, a Consent and Agreement in substantially the form of Exhibit D to the Security Trust Agreement from the counterparty thereto or, with respect to any Assigned Lease included in the foregoing Collateral, such consents, acknowledgements and/or notices as are called for under Section 2.08(a) of the Security Trust Agreement, (iii) duly completed copies of Annexes I, II, III and IV hereto [and (iv) an Irish Share Mortgage] [insert if applicable].

This Grantor Supplement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

Very truly yours,

[NAME OF GRANTOR](1)

By: _____
Name:
Title:

Acknowledged and agreed to as of the date first above written:

DEUTSCHE BANK TRUST COMPANY AMERICAS,
not in its individual capacity, but
solely as Collateral Agent

By: _____
Name:

Title:

(1) If any Irish incorporated company is a party to this Agreement, use the following execution block:

"Signed Sealed and Delivered
by
the duly appointed attorney of
[ ]
in the presence of:"

ANNEX I
Grantor Supplement

PLEDGED STOCK

Stock Issuer	Par Value	Certificate No(s).	Number of Shares	Percentage of Outstanding Shares
				100%

PLEDGED BENEFICIAL INTERESTS

Issuer	Certificate No.	Percentage of Beneficial Interests

PLEDGED MEMBERSHIP INTERESTS

Issuer	Certificate No.	Percentage of Membership Interests

PLEDGED DEBT

Debt Issuer	Description of Debt	Date

ANNEX II
Grantor Supplement

NON-TRUSTEE ACCOUNT INFORMATION

NAME AND ADDRESS OF BANK	NAME AND ADDRESS OF NON-TRUSTEE ACCOUNT HOLDER	ACCOUNT NUMBER

ANNEX III
Grantor Supplement

TRADE NAMES

ANNEX IV
Grantor Supplement

NAME OF GRANTOR	CHIEF EXECUTIVE OFFICE	CHIEF PLACE OF BUSINESS	REGISTERED OFFICE

EXHIBIT C
Security Trust Agreement

RESERVED

EXHIBIT D
Security Trust Agreement

FORM OF NOTICE AND ACKNOWLEDGMENT

EXHIBIT E
Security Trust Agreement

FORM OF IRISH SHARE MORTGAGE

Exhibit 10.4

[Execution Copy]

GUARANTEE AND COLLATERAL AGREEMENT

dated as of April 26, 2006

among

AEROTURBINE, INC., as Borrower

THE SUBSIDIARY GUARANTORS OF AEROTURBINE, INC.
PARTY HERETO, as Subsidiary Guarantors

and

CALYON New York Branch,
as Collateral Agent

CALYON, Head Office,
as Lead Arranger and Bookrunner

TABLE OF CONTENTS

GUARANTEE AND COLLATERAL AGREEMENT

THIS GUARANTEE AND COLLATERAL AGREEMENT (this "**Agreement**"), dated as of April 26, 2006, among AeroTurbine, Inc., a Delaware corporation, each Subsidiary Guarantor of AeroTurbine, Inc., a party hereto (the "**Subsidiary Guarantors**") and CALYON New York Branch, as Collateral Agent (the "**Collateral Agent**").

WHEREAS, AeroTurbine, Inc. is the successor in interest by merger to AerCap AT, Inc. (AeroTurbine, Inc., as such successor, the "**Borrower**");

WHEREAS, the Borrower, the Senior Lenders (as defined therein) and CALYON New York Branch, as administrative agent for the Senior Lenders (the "**Senior Agent**"), are parties to a Senior Credit Agreement dated as of the date hereof (the "**Senior Credit Agreement**") providing for the making of certain Senior Loans to the Borrower;

WHEREAS, the Borrower, the Junior Lenders (as defined therein) and CALYON, Head Office, as agent for the Junior Lenders (the "**Junior Agent**"), are parties to a Junior Credit Agreement dated as of the date hereof (the "**Junior Credit Agreement**"; and, collectively with the Senior Credit Agreement, the "**Credit Agreements**") providing for the making of certain Junior Loans to the Borrower;

WHEREAS, the Borrower is willing to secure its obligations under the Credit Agreements and certain other obligations described herein by granting Liens on certain of its assets to the Collateral Agent as provided in the Security Documents;

WHEREAS, the Borrower is willing to cause each of the Subsidiary Guarantors to guarantee the foregoing obligations of the Borrower and to secure its guarantee thereof by granting Liens on certain of its assets to the Collateral Agent as provided in the Security Documents; and

WHEREAS, the Senior Lenders and the Junior Lenders are not willing to make financial accommodation available under the Credit Agreements unless (i) the foregoing obligations of the Borrower are secured and guaranteed as described above and (ii) each guarantee thereof is secured by Liens on assets of the Subsidiary Guarantors as provided in the Security Documents.

NOW, THEREFORE, for good and valuable consideration, receipt whereof has been duly received, the parties hereto agree as follows:

Section 1. Definitions.

(a) Capitalized terms used herein shall have the meanings assigned thereto in Appendix I of each Credit Agreement. In addition, the following terms shall have the following meanings:

"**Cash Collateral Account**" has the meaning set forth in Section 6 of this Agreement.

"**Collateral**" or "**General Collateral**" means all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Collateral Agent pursuant to this Agreement. The Collateral or General Collateral excludes the Aircraft Asset Collateral on which a Lien is granted or purports to be granted to the Collateral Agent pursuant to Aircraft Asset Security Agreement.

"**Collateral Agent**" means CALYON New York Branch, in its capacity as Collateral Agent for the Senior Loan Agent,

the Junior Loan Agent, the Senior Lenders and the Junior Lenders under the Security Documents, and its successors in such capacity.

"**Contracts**" means all contracts for the sale, lease, exchange or other disposition of Inventory, whether or not performed and whether or not subject to termination upon a contingency or at the option of any party thereto.

"**Closing Date**" means the Closing Date as defined in the Credit Agreement; provided that with respect to any Lien Grantor which becomes a party hereto subsequent to such Closing Date, "Closing Date" means the date this Agreement becomes effective with respect to such Lien Grantor.

"**Guarantee and Collateral Agreement Supplement**" means a Guarantee and Collateral Agreement Supplement, substantially in the form of Exhibit A, signed and delivered to the Collateral Agent for the purpose of adding a Subsidiary of the Borrower as a party hereto pursuant to Section 15(b) and/or adding additional property to the Collateral.

"**Lien Grantors**" means, collectively, (i) the Borrower and each Subsidiary listed on the signature pages hereof under the caption "Subsidiary Guarantors", and their respective successors, and (ii) each Subsidiary that shall, at any time after the date hereof, become a Lien Grantor pursuant to Section 15(b), and "Lien Grantor" means any of the foregoing.

"**Liquid Investment**" means (i) direct obligations of the United States or any agency thereof, (ii) obligations guaranteed by the United States or any agency thereof, (iii) time deposits and money market deposit accounts issued by or guaranteed by or placed with a Deposit Bank, and (iv) fully collateralized repurchase agreements for securities described in clause (i) or (ii) above entered into with a United States office of a financial institution having a credit rating of at least AA/Aa, provided in each case that such Liquid Investment (x) matures within 30 days after it is first included in the Collateral and (y) is in a form, and is issued and held in a manner, that in the reasonable judgment of the Collateral Agent permits appropriate measures to have been taken to perfect security interests therein.

"**Opinion of Counsel**" means a written opinion of legal counsel in form and substance reasonably satisfactory to the Collateral Agent, which is addressed and delivered to the Collateral Agent.

"**Perfection Certificate**" means, with respect to any Lien Grantor, a certificate substantially in the form of Exhibit B, completed and supplemented with the schedules contemplated thereby to the reasonable satisfaction of the Collateral Agent, and signed by an officer of such Lien Grantor.

"**Permitted Liens**" means any other Liens on the Collateral permitted to be created by or contemplated in the Credit Agreements or hereunder.

"**Pledged**", when used in conjunction with any type of asset, means at any time an asset of such type that is included (or that creates rights that are included) in the Collateral at such time.

"Pledged Subsidiary Stock" means the Capital Stock of each Subsidiary Guarantor.

"**Post-Petition Interest**" means any interest that accrues after the commencement of any case, proceeding or other action relating to the bankruptcy, insolvency or reorganization of a Lien Grantor (or would accrue but for the operation of applicable bankruptcy or insolvency laws), whether or not such interest is allowed or allowable as a claim in any such proceeding.

"**Proceeds**" means all proceeds of, and all other profits, products, rents or receipts, in whatever form, arising from the collection, sale, lease, exchange, assignment, licensing or other disposition of, or other realization upon, any Collateral, including all claims of the relevant Lien Grantor against third parties for loss of, damage to or destruction of, or for proceeds payable under, or unearned premiums with respect to, policies of insurance in respect of, any Collateral, and any condemnation or requisition payments with respect to any Collateral.

"**Receivables**" means, with respect to any Lien Grantor, all Accounts owned by it and all other rights, titles or interests which, in accordance with GAAP, would be included in receivables on its balance sheet (including any such Accounts and/or rights, titles or interests that might be characterized as Chattel Paper, Instruments or General Intangibles under the Uniform Commercial Code in effect in any jurisdiction), in each case arising from the sale, lease, exchange or other disposition of Inventory, and all of such Lien Grantor's rights to any goods, services or other property related to any of the foregoing (including returned or repossessed goods and unpaid seller's rights of rescission, replevin, reclamation and rights to stoppage in transit), and all collateral security and supporting obligations of any kind given by any Person with respect to any of the foregoing.

"**Secured Guarantee**" means, with respect to each Subsidiary Guarantor, its guarantee of the Obligations under Section 2 hereof or Section (a) of a Guarantee and Collateral Agreement Supplement.

"**UCC**" means the Uniform Commercial Code as in effect from time to time in the State of New York;*provided* that, if perfection or the effect of perfection or non-perfection or the priority of any Lien on any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than New York, "**UCC**" means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions hereof relating to such perfection, effect of perfection or non-perfection or priority.

(b) Terms Defined in UCC. As used herein, each of the following terms has the meaning specified in Article 9 of UCC: "Account", "Authenticate", "Chattel Paper", "Commercial Tort Claims", "Deposit Account", "Documents", "General Intangibles",

"Goods",

"Instruments", "Inventory", "Investment Property", "Letter of Credit Rights" and "Supporting Obligations".

(c) Other Definitional Provisions. Section 1.2 of the Credit Agreements shall apply as if set out fully herein.

Section 2. Guarantees by Lien Grantors.

(a) Secured Guarantees. Each Subsidiary Guarantor unconditionally guarantees to the Collateral Agent for the benefit of the Lenders the full and punctual satisfaction of each Obligation of the Borrower under the Loan Documents when due (whether at stated maturity, upon acceleration or otherwise). If the Borrower fails to satisfy any Obligation punctually when due, each Subsidiary Guarantor jointly and severally agrees that it will forthwith on demand pay the amount not so paid at the place and in the manner specified herein or in any other relevant Loan Document.

(b) Secured Guarantees Unconditional. The obligations of each Subsidiary Guarantor under its Secured Guarantee shall be unconditional and absolute and, without limiting the generality of the foregoing, shall not be released, discharged or otherwise affected by:

(i) any extension, renewal, settlement, compromise, waiver or release in respect of any obligation of the Borrower, any Subsidiary Guarantor or any other Person under any Security Document, by operation of law or otherwise;

(ii) any modification or amendment of or supplement to any Security Document;

(iii) any release, impairment, non-perfection or invalidity of any direct or indirect security for any obligation of the Borrower, any Subsidiary Guarantor or any other Person under any Security Document;

(iv) any change in the corporate existence, structure or ownership of the Borrower, any Subsidiary Guarantor or any other Person or any of their respective subsidiaries, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting the Borrower, any Subsidiary Guarantor or any other Person or any of their assets or any resulting release or discharge of any obligation of the Borrower, any Subsidiary Guarantor or any other Person under any Security Document;

(v) the existence of any claim, set-off or other right that such Subsidiary Guarantor may have at any time against the Borrower, any Subsidiary Guarantor, the Collateral Agent, the Agents, any Lender or any other Person, whether in connection with the Loan Documents or any unrelated transactions, provided that nothing herein shall prevent the assertion of any such claim by separate suit or compulsory counterclaim;

(vi) any invalidity or unenforceability relating to or against the Borrower, any Subsidiary Guarantor or any other Person for any reason of any Security Document, or any provision of applicable law or regulation purporting to prohibit the

payment of any amount in satisfaction of any Obligation by the Borrower, any Subsidiary Guarantor or any other Person; or

(vii) any other act or omission to act or delay of any kind by the Borrower, any Subsidiary Guarantor, any other party to any Security Document, the Collateral Agent, the Agents, any Lender or any other Person, or any other circumstance whatsoever that might, but for the provisions of this Section 2(b)(vii), constitute a legal or equitable discharge of or defense to any obligation of the Borrower or any Subsidiary Guarantor hereunder.

(c) Release of Secured Guarantees. (i) All the Secured Guarantees will be released when all Obligations of the Borrower under the Loan Documents have been satisfied. If at any time any payment in satisfaction of an Obligation is rescinded or must be otherwise restored or returned upon the insolvency or receivership of the Borrower or otherwise, the Secured Guarantees shall be reinstated with respect thereto as though such payment had been due but not made at such time.

(ii) If all the capital stock of a Subsidiary Guarantor or all the assets of a Subsidiary Guarantor are sold to a Person other than a Borrower or a Subsidiary of a Borrower in a transaction not prohibited by the Credit Agreements (any such sale, a "**Sale of Subsidiary Guarantor**"), the Collateral Agent shall release such Subsidiary Guarantor from its Secured Guarantee. Such release shall not require the consent of the Agents or any Lender, and the Collateral Agent and any third party shall be fully protected in relying on a certificate of the Borrower as to whether any particular sale constitutes a Sale of Subsidiary Guarantor.

(d) Waiver by Subsidiary Guarantors. Each Subsidiary Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein, as well as any requirement that at any time any action be taken by any Person against the Borrower, any Subsidiary Guarantor or any other Person.

(e) Subrogation. Each Subsidiary Guarantor irrevocably waives any and all rights to which it may be entitled, by

operation of law or otherwise, upon making any payment hereunder to be subrogated to the rights of the payee with respect to such payment or against any direct or indirect security therefor, or otherwise to be reimbursed, indemnified or exonerated in respect thereof.

(f) Contribution; Subordination. All rights of the Subsidiary Guarantors of contribution and any other rights of indemnity, contribution or subrogation under applicable law or otherwise shall be fully subordinated to the indefeasible payment in full in cash in satisfaction of the Obligations.

(g) Stay of Acceleration. If acceleration of the time for payment of any Obligation by the Borrower is stayed by reason of the insolvency or receivership of the Borrower or otherwise, all Obligations otherwise subject to acceleration under the terms of any Security Document shall nonetheless be payable by the Subsidiary Guarantors hereunder forthwith on demand by the Collateral Agent.

(h) Right of Set-Off. If any Obligation is not paid promptly when due, each of the Lenders and each of their Affiliates which is a Deposit Bank is authorized, to the fullest extent permitted by law, to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other obligations at any time owing by such Lender or Affiliate to or for the credit or the account of any Subsidiary Guarantor against the obligations of such Subsidiary Guarantor under its Secured Guarantee, irrespective of whether such Lender shall have made any demand thereunder and although such obligations may be unmatured. The rights of each Lender under this subsection are in addition to all other rights and remedies (including other rights of setoff) that such Lender may have and are subject to the provisions of Section 10.7 of the applicable Credit Agreement.

(i) Continuing Guarantee. Each Secured Guarantee is a continuing guarantee, shall be binding on the relevant Subsidiary Guarantor and its successors and assigns, and shall be enforceable by the Collateral Agent. If all or part of any Lender's interest in any Obligation is assigned or otherwise transferred, the transferor's rights in respect of each Secured Guarantee, to the extent applicable to the obligation so transferred, shall automatically be transferred with such obligation.

(j) Limitation on Obligations of Subsidiary Guarantors. The obligations of each Subsidiary Guarantor under its Secured Guarantee shall be limited to an aggregate amount equal to the largest amount that would not render such Secured Guarantee subject to avoidance under Section 548 of the United States Bankruptcy Code or any comparable provisions of applicable law.

Section 3. Grant of Liens.

(a) The Borrower, in order to secure its Obligations under the Loan Documents, and each Subsidiary Guarantor listed on the signature pages hereof, in order to secure its Secured Guarantee, grants to the Collateral Agent for the benefit of the Agents and the Lenders a continuing security interest in all the following property of such Borrower or such Subsidiary Guarantor, as the case may be, whether now owned or existing or hereafter acquired or arising and regardless of where located:

(i) all Accounts;

(ii) all Chattel Paper;

(iii) all Commercial Tort Claims;

(iv) all Deposit Accounts;

(v) all Documents;

(vi) all General Intangibles;

(vii) all Goods;

(viii) all Instruments, including, without limitation, the Capital Stock of each Subsidiary Guarantor;

(ix) all Inventory;

(x) all Investment Property;

(xi) all Letter of Credit Rights;

(xii) all Supporting Obligations;

(xiii) all Receivables;

(xiv) all Contracts;

(xv) all books and records (including customer lists, credit files, computer programs, printouts and other computer materials and records) of such Original Lien Grantor pertaining to any of its Collateral; and

(xvi) all Proceeds of the Collateral described in the foregoing clauses (i) through (xv).

Aircraft Asset Collateral is excluded from the above grant.

(b) With respect to each right to payment or performance included in the Collateral from time to time, the Lien granted therein includes a continuing security interest in all right, title and interest of the applicable Lien Grantor in and to (i) any Supporting Obligation that supports such payment or performance and (ii) any Lien that (x) secures such right to payment or performance or (y) secures any such Supporting Obligation.

(c) The Liens are granted as security only and shall not subject the Collateral Agent or any Lender to, or transfer or in any way affect or modify, any obligation or liability of any Lien Grantor with respect to any of the Collateral or any transaction in connection therewith.

Section 4. General Representations and Warranties. As of the Closing Date and as of the Borrowing Date each Lien Grantor represents and warrants that:

(a) such Lien Grantor is a duly organized, validly existing and in good standing under the laws of the jurisdiction identified as its jurisdiction of organization in its Perfection Certificate;

(b) such Lien Grantor has good and marketable title to all its Collateral (subject to exceptions that are, in the aggregate, not material), free and clear of any Lien other than Permitted Liens;

(c) no financing statement, security agreement, mortgage or similar or equivalent document or instrument covering all or part of the Collateral owned by such Lien Grantor is on file or of record in any jurisdiction in which such filing or recording would be

effective to perfect or record a Lien on such Collateral, except financing statements, mortgages or other similar or equivalent documents with respect to Permitted Liens; and

(d) except for the filing of such UCC financing statements, no other registration, recordation or filing with any governmental body, agency or official is required to establish and perfect the Collateral Agent's security interest in the General Collateral pursuant to the UCC.

Section 5. Further Assurances, General Covenants.

Each Lien Grantor covenants as follows:

(a) Such Lien Grantor will, from time to time, at the Borrower's expense, execute, deliver, file and record any statement, assignment, instrument, document, agreement or other paper and take any other action (including any filing of financing or continuation statements under the UCC) that from time to time may be reasonably necessary or desirable, or that the Collateral Agent may reasonably request, in order to:

(i) create, preserve, perfect, confirm or validate the Liens created by the Security Documents on such Lien Grantor's Collateral;

(ii) enable the Collateral Agent and the Lenders to obtain the full benefits of the Security Documents; or

(iii) enable the Collateral Agent to exercise and enforce any of its rights, powers and remedies with respect to any of such Lien Grantor's Collateral.

To the extent permitted by applicable law, such Lien Grantor authorizes the Collateral Agent to execute and file such financing statements or continuation statements without such Lien Grantor's signature appearing thereon. Such Lien Grantor agrees that a copy or reproduction of this Agreement or of a financing statement is sufficient as a financing statement to the extent permitted by law. Each Lien Grantor constitutes the Collateral Agent its attorney-in-fact to execute and file all filings required or so requested for the foregoing purposes, all acts of such attorney being hereby ratified and confirmed; and such power, being coupled with an interest, shall be irrevocable until all the Liens granted by such Lien Grantor terminate pursuant to Section 13. The Borrower will pay the costs of, or incidental to, any recording or filing of any financing or continuation statements or other documents recorded or filed pursuant hereto.

(b) Such Lien Grantor will not (i) change its name or corporate structure, (ii) change its location (determined as provided in UCC Section 9-307) or (iii) except with respect to a Permitted Lien, become bound, as provided in UCC Section 9-203(d) or otherwise, by a security agreement entered into by another Person, unless it shall have given the Collateral Agent prior notice thereof and delivered an Opinion of Counsel with respect thereto in accordance with Section 5(c).

(c) Before it takes any action contemplated by Section 5(b), such Lien Grantor, at the Borrower's expense, will cause to be delivered to the Collateral Agent an Opinion of Counsel, in form and substance reasonably satisfactory to the Collateral Agent,

to the effect

that (i) all financing statements and amendments or supplements thereto, continuation statements and other documents required to be filed or recorded in order to perfect and protect (except with respect to Permitted Liens) the Liens created by the Security Documents against all creditors of and purchasers from such Lien Grantor after it takes such action (except any applicable continuation statements that are to be filed more than six months after the date thereof) have been filed or recorded in each office necessary for such purpose, (ii) all fees and taxes, if any, payable in connection with such filings or recordations have been paid in full, and (iii) such action will not (except with respect to Permitted Liens) adversely affect the perfection or priority of the Lien created by the Security Documents on any Collateral to be owned by such Lien Grantor after it takes such action or the accuracy of such Lien Grantor's representations and warranties herein relating to the grant and perfection of a security interest in such Collateral.

(d) Except in the ordinary course of business, such Lien Grantor will not sell, lease, exchange, assign or otherwise dispose of, or grant any option with respect to, any of its Collateral; *provided* that such Lien Grantor may do any of the foregoing unless (i) doing so would violate a covenant in the Credit Agreement, or (ii) the Loans shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement and the Collateral Agent shall have notified such Lien Grantor that its right to do so is terminated, suspended or otherwise limited. Concurrently with any sale or other disposition (except a sale or disposition to another Lien Grantor or a lease) permitted by the foregoing *proviso*, the Liens created by the Security Documents on the assets sold or disposed of (but not in any Proceeds arising from such sale or disposition) will cease immediately without any action by the Collateral Agent or any Lender. The Collateral Agent will, at the Borrower's expense, promptly execute and deliver to the relevant Lien Grantor such documents as such Lien Grantor shall reasonably request to evidence the fact that any asset so sold, leased or disposed of is no longer subject to a Lien under any Security Document.

(e) Such Lien Grantor will, promptly upon request, provide to the Collateral Agent all information and evidence concerning such Lien Grantor's Collateral that the Collateral Agent may reasonably request from time to time to enable it to enforce the provisions of the Security Documents.

Section 6. Accounts.

(a) As of the Closing Date, the Collateral Agent shall have established an account (the "**Restricted Account**"), in the name and under the exclusive control of the Collateral Agent, the contents of which are to be applied pursuant to this Section 6(a).

(i) the Borrower shall cause (and each other Lien Grantor shall take all actions required on its part to cause) to be deposited in the Restricted Account, promptly upon receipt thereof:

(A) the amounts of any Revolving Loan whose borrowing date has been postponed pursuant to Section 2.5 of the Senior Credit Agreement;

(B) all proceeds collected with respect to the Key Man Insurance and the Key Man Guarantee;

(C) all Net Cash Proceeds from any Recovery Event;

(D) all sale proceeds from the disposition of Eligible Equipment and Eligible Inventory to the extent such proceeds are included in the Borrowing Base;

(E) all amounts related to engines in overhaul that comprise Eligible Equipment as contemplated in Section 3.2(g)(ii) of the Senior Credit Agreement.

The Borrower shall also deposit into the Restricted Account any cash collateral required to be deposited in lieu of the Key Man Guarantee pursuant to Section 6.9 of the Senior Credit Agreement, provided that such cash collateral shall be promptly released by the Collateral Agent to the Borrower upon the delivery of the Key Man Guarantee as provided in Section 6.9 of the Senior Credit Agreement. Such cash collateral shall be applied in the same amount and in the same manner as proceeds under the Key Man Guarantee would have been applied and shall be released when and to the extent the Key Man Guarantee would be terminated.

(ii) Unless the maturity of the Loans (or other Obligations) shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement:

(A) The Collateral Agent shall apply the amounts referred to in clauses (A), (B) and (C) of Section 6(a)(i) as specified in the Senior Credit Agreement; and

(B) Amounts specified in clauses (D) and (E) of Section 6(a)(i) shall be paid to or as directed by the Borrower promptly after the submission of the next Borrowing Base Report indicating that such assets are no longer included within the Borrowing Base.

After the maturity of the Loans (or other Obligations) shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement, the Collateral Agent may apply all sums held in the Restricted Account pursuant to Section 9.

(iii) Funds held in the Restricted Account may, until withdrawn or required to be applied pursuant hereto, be invested and reinvested in such Liquid Investments as the Borrower shall request from time to time.

(b) Except for the Restricted Account or as permitted in clause (c) below, neither the Borrower nor any Lien Grantor shall establish or maintain any Deposit Account unless such Deposit Account is pledged to the Collateral Agent pursuant to an Account Control Agreement, provided, that the Borrower's existing Investment Account 3091-9218 with

Wachovia Securities shall not be required to be pledged so long as the sole holding in such account is 886 shares (or less) of the common stock of Ace Aviation Holdings, Inc.

(c) Neither the Borrower nor any Lien Grantor shall be required to pledge any Deposit Account established or maintained by it and exclusively used to fund:

(i) current payroll obligations;

(ii) fiduciary obligations (such as pension plans).

(d) The Collateral Agent shall not give the "Notice", under and as defined in the initial Account Control Agreement (or equivalent notice in any subsequent Account Control Agreement) unless the Loans shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement.

Section 7. Pledged Subsidiary Stock.

(a) Each Lien Grantor shall concurrently with the execution and delivery hereof deliver to the Collateral Agent all certificates representing the Capital Stock of each of its Subsidiaries together with a stock power or powers with respect thereto endorsed in blank and within ten Business Days of forming or acquiring any new Subsidiary will execute and deliver to the Collateral Agent all certificates representing the Capital Stock of such Subsidiary together with a stock power or powers with respect thereto endorsed in blank. The Collateral Agent agrees to hold the same subject to the terms and conditions of this Agreement.

(b) So long as the Loans have not been accelerated pursuant to Section 8 of the Senior Credit Agreement:

(i) Such Lien Grantor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Subsidiary Stock, or any part thereof, for any purpose not inconsistent with the terms of this Agreement or the other Loan Documents; provided, however, (A) that such Lien Grantor shall not exercise any voting or consensual rights with respect to the commencement of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to such Subsidiary or such Subsidiary's debts under any bankruptcy, insolvency or other similar law now or hereafter in effect or consent to the entry of an order for relief in an involuntary case under any such law or seeking the appointment of a trustee, receiver, liquidator, sequestrator, assignee, custodian or other similar official of such Subsidiary or any substantial part of such Subsidiary's property without obtaining the prior written consent of the Collateral Agent; (B) that such Lien Grantor shall not amend or approve any amendment to or modification, alteration or repeal of the Certificate of Incorporation of By-Laws or any other organizational documents, as the case may be, of such Subsidiary without obtaining the prior written consent of the Collateral Agent which consent shall not be unreasonably withheld or delayed; (C) that such Lien Grantor shall not increase the number of directors or modify in any way the composition of the board of directors of the Borrower (other than by replacing any officers or employees of such Lien Grantor or an Affiliate of such Lien Grantor who are directors with other officers or employees of such Lien Grantor or an Affiliate of such Lien Grantor) as same exists as of

the date hereof without obtaining the prior written consent of the Collateral Agent which consent shall not be unreasonably withheld or delayed; and (D) such Lien Grantor shall not approve an increase in the authorized number of shares of stock or stated capital of such Subsidiary or the issuance of any additional shares of stock or the granting of any options or warrants of the without the prior written consent of the Collateral Agent, which consent shall not be unreasonably withheld or delayed provided that the Collateral Agent is granted a first priority security interest in all such shares; and

(ii) the Collateral Agent shall execute and deliver (or cause to be executed and delivered) to such Lien Grantor all such proxies and other instruments as such Lien Grantor may reasonably request for the purpose of enabling such Lien Grantor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) above.

(c) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, all rights of such Lien Grantor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 7(b)(i) shall cease and all such rights shall thereupon become vested in the Collateral Agent, without further act who shall thereupon have the sole right to exercise such voting and other consensual rights and remedies.

Section 8. Remedies Upon Event of Default.

(a) Remedies:

(i) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, then in every such case, the Collateral Agent may do one or more of the following, to the extent permitted by, and subject to compliance with any mandatory requirements of, Applicable Law then in effect:

(A) cause the Borrower or the relevant Lien Grantor upon the written demand of the Collateral Agent and at the Borrower's or the relevant Lien Grantor's expense, to deliver promptly, and the Borrower shall deliver promptly, the Collateral (or any portion thereof) as the Collateral Agent may so demand to the Collateral Agent, or the Collateral Agent, at its option, may enter upon the premises where all or any part of the Collateral is located and take immediate possession (to the exclusion of the Borrower or the relevant Lien Grantor and all Persons claiming under or through the Borrower or the relevant Lien Grantor) of and remove the same by summary proceedings;

(B) subject to the notice required by Section 11, sell the Collateral (or any portion thereof) at public or private sale, whether or not the Collateral Agent shall at the time have possession thereof, as the Collateral Agent may determine, or lease or otherwise dispose of, all or any part of any Airframe, any Engine or any Inventory as the Collateral Agent, in its sole discretion, may determine, all free and clear of any rights

of the Borrower or the relevant Lien Grantor, except as hereinafter set forth in this Section 7; provided, however, that the Borrower or the relevant Lien Grantor shall be entitled at any time prior to any such disposition to redeem the Collateral by paying in full all of the Obligations; or

(C) exercise any or all of the rights and powers and pursue any and all remedies of a secured party under the Uniform Commercial Code of the State of New York.

(ii) Any Lender shall be entitled, at any sale pursuant to this Section 7, to credit against any purchase price bid at such sale by such holder all or any part of the unpaid obligations owing to such Lender and secured by the Lien of this Agreement. Any Lender shall, upon any purchase, acquire good title to the property so purchased, to the extent permitted by applicable law, free of all rights of redemption.

(iii) In the event of any sale of the Collateral, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Agreement, the unpaid principal amount of all Loans then outstanding, together with accrued interest thereon, and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

(iv) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall forever be a bar against the Borrower or the relevant Lien Grantor, after the expiration of the period, if any, during which the Borrower or the Lien Grantor shall have the benefit of Section 7(a)(ii) hereof or any redemption laws which may not be waived.

(v) Any sale or other conveyance of the Collateral by the Collateral Agent made pursuant to the terms of this Agreement shall bind the Lenders and the Borrower and the relevant Lien Grantors and shall be effective to transfer or convey all right, title and interest of the Borrower and the relevant Lien Grantors. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

(b) Return of Collateral, etc.

(i) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, at the request of the Collateral Agent, the Borrower and/or the relevant Lien Grantors shall promptly execute and deliver to the Collateral Agent such instruments of title and other documents as the Collateral Agent may deem necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral to which the Collateral Agent shall at the time be entitled hereunder. If the Borrower shall for any reason fail to

execute and deliver such instruments and documents after such request by the Collateral Agent, the Collateral Agent may (i) obtain a judgment conferring on the Collateral Agent the right to immediate possession and requiring the Borrower to execute and deliver such instruments and documents to the Collateral Agent, to the entry of which judgment the Borrower hereby specifically consents to the fullest extent permitted by applicable law, and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of the Borrower wherever such Collateral may be or be supposed to be and search for such Mortgaged Property and take possession of and remove such Mortgaged Property. All expenses of obtaining such judgment or of pursuing,

searching for and taking such property shall, until paid, be secured by the Lien of this Agreement.

(ii) Upon every such taking of possession, the Collateral Agent may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Collateral Agent shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to carry on the business and to exercise all rights and powers of the Borrower and/or the relevant Lien Grantors relating to the Collateral, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Mortgaged Property or any part thereof as the Collateral Agent may determine, and the Collateral Agent shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this Agreement to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Mortgaged Property or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Borrower), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this Agreement, as well as just and reasonable compensation for the services of the Collateral Agent, and of all persons properly engaged and employed by the Collateral Agent with respect hereto.

(c) Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Borrower, the Lien Grantors and the Collateral Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Borrower, the Lien Grantors or the Collateral Agent shall continue as if no such proceedings had been instituted.

(d) Appointment of Receiver. The Collateral Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Collateral Agent or any successor or nominee thereof) for all or any part of the Collateral, whether such receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Borrower hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Collateral Agent with respect to the Collateral.

Section 9. Application of Proceeds.

(a) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, the Collateral Agent may apply the proceeds of any sale or other disposition of all or any part of the Collateral, in the order of priorities:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to agents of and counsel for the Collateral Agent, and all expenses, liabilities and advances incurred or made by the Collateral Agent in connection with the Security Documents, and any other amounts then due and payable to the Collateral Agent in connection with the Security Documents;

second, to pay ratably all interest (including Post-Petition Interest) and all facility and other fees and indemnity amounts payable in connection with the Senior Loans, until payment in full of all such interest and other fees and indemnity amounts shall have been made;

third, to pay the unpaid principal on the Senior Loans and all other Obligations (including in connection with Specified Hedge Agreements) in connection with the Senior Loans;

fourth, to pay ratably all interest (including Post-Petition Interest) and all facility and other fees and indemnity amounts payable in connection with the Junior Loans, until payment in full of all such interest and other fees and indemnity amounts shall have been made;

fifth, to pay the unpaid principal on the Junior Loans and pay all other Obligations in connection with the Junior Loans; and

finally, to pay to the relevant Lien Grantor, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Collateral owned by it;

provided that Collateral owned by a Lien Grantor and any proceeds thereof shall be applied pursuant to the foregoing clauses first, second, third, fourth and fifth only to the extent permitted by the limitation in Section 2(j). The Collateral Agent may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(b) In making the payments and allocations required by this Section 8, the Collateral Agent may rely upon information supplied to it pursuant to Section 12(g). All distributions made by the Collateral Agent pursuant to this Section 8 shall be final

(except in the

event of manifest error) and the Collateral Agent shall have no duty to inquire as to the application by either Agent or any Lender of any amount distributed to it.

Section 10. Fees and Expenses; Indemnification. The Borrower will forthwith upon demand pay to the Collateral Agent:

(i) the amount of any Taxes that the Collateral Agent may have been required to pay by reason of the Liens created by the Security Documents or to free any Collateral from any other Lien thereon (other than Permitted Liens);

(ii) the amount of any and all reasonable out-of-pocket expenses, including transfer Taxes and reasonable fees and expenses of counsel and other experts, that the Collateral Agent may incur in connection with (x) the administration or enforcement of the Security Documents, including such expenses as are incurred to preserve the value of the Collateral or the validity, perfection, rank or value of any Lien created by the Security Documents, (y) the collection, sale or other disposition of any Collateral, or (z) the exercise by the Collateral Agent of any of its rights or powers under the Security Documents;

(iii) the amount of any fees that the Borrower shall have agreed in writing to pay to the Collateral Agent and that shall have become due and payable in accordance with such written agreement; and

(iv) the amount required to indemnify the Collateral Agent for, or hold it harmless and defend it against, any loss, liability or expense (including the reasonable fees and expenses of its counsel and any experts or sub-agents appointed by it hereunder) incurred or suffered by the Collateral Agent in connection with the Security Documents, except to the extent that such loss, liability or expense arises from the Collateral Agent's gross negligence or willful misconduct or a breach of any duty of the Collateral Agent under this Agreement (after giving effect to Sections 11 and 12).

Any such amount not paid to the Collateral Agent on demand will bear interest for each day thereafter until paid at the highest rate of interest payable in connection with the Obligations under the Credit Agreements.

Section 11. Authority to Administer Collateral. Each Lien Grantor irrevocably appoints the Collateral Agent its true and lawful attorney, with full power of substitution, in the name of such Lien Grantor, any Lender or otherwise, for the sole use and benefit of the Lender, but at the Borrower's expense, to the extent permitted by law to exercise, at any time and from time to time if the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, all or any of the following powers with respect to all or any of such Lien Grantor's Collateral (to the extent necessary to pay the Obligations in full):

(a) to demand, sue for, collect, receive and give acquaintance for any and all monies due or to become due upon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Collateral Agent were the absolute owner thereof; and

(d) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto;

provided that, except in the case of Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Collateral Agent will give the relevant Lien Grantor at least twenty days' prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made. The Collateral Agent and each Lien Grantor agree that such notice shall be considered to have been "sent within a reasonable time" pursuant to UCC Section 9-612. Such notice shall (i) contain the information specified in UCC Section 9-613, (ii) be Authenticated and (iii) be sent to the parties required to be notified pursuant to UCC Section 9-611(c); provided that, if the Collateral Agent fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

Section 12. Limitation on Duty in Respect of Collateral. Beyond the exercise of reasonable care in the custody and preservation thereof, the Collateral Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Agent in good faith or by reason of any act or omission by the Collateral Agent pursuant to instructions from the Agents or the Lenders, except to the extent that such liability arises from the Collateral Agent's gross negligence or willful misconduct.

Section 13. General Provisions Concerning the Collateral Agent.

(a) Authority. The Collateral Agent is authorized to take such actions and to exercise such powers as are delegated to the Collateral Agent by the terms of the Loan Agreements, together with such actions and powers as are reasonably incidental thereto.

(b) Coordination with Collateral Agent. The Collateral Agent will promptly notify each Agent of each notice or other communication received by the Collateral Agent hereunder and/or deliver a copy thereof to such Agent. As to any matters not expressly provided for herein (including (i) the timing and methods of realization upon the Collateral, and (ii) the exercise of any power that the Collateral Agent may, but is not expressly required to, exercise under any Security Document), the Collateral Agent shall act or refrain from acting other than in accordance with written instructions from the Agents or, in the absence of such instructions, in accordance with its discretion (subject to the following provisions of this Section 12).

(c) Rights and Powers as a Lender. The Person serving as the Collateral Agent shall, in its capacity as a Lender, have the same rights and powers as any other Lender and may exercise the same as though it were not the Collateral Agent. Such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower, any of its Subsidiaries or their respective Affiliates as if it were not the Collateral Agent hereunder.

(d) Limited Duties and Responsibilities. The Collateral Agent shall not have any duties or obligations under the Security Documents except those expressly set forth therein. Without limiting the generality of the foregoing, (a) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (b) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Security Documents that the Collateral Agent is required in writing to exercise by the Agents, and (c) except as expressly set forth in the Security Documents, the Collateral Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Collateral Agent or any of its Affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Agents or in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall not be responsible for the existence, genuineness or value of any Collateral or for the validity, perfection, priority or enforceability of any Lien, whether impaired by operation of law or by reason of any action or omission to act on its part under the Security Documents. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by the Borrower, any Subsidiary Guarantor, and Agent or a Lender, and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Security Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Security Document, (iv) the validity, enforceability, effectiveness or genuineness of any Security Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in any Security Document.

(e) Authority to Rely on Certain Writings, Statements and Advice. The Collateral Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel (who may be counsel for the Borrowers or any of their Subsidiaries), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountant or expert.

(f) Sub-Agents and Affiliates. The Collateral Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Collateral Agent and any such sub-agent may perform any of its duties and exercise any of

its rights and powers through its Affiliates. The exculpatory provisions of Section 11 and this Section 12 shall apply to any such sub-agent and to the Affiliates of the Collateral Agent and any such sub-agent.

(g) Information as to Secured Guarantees and Actions by Lenders. For all purposes of the Security Documents, including determining the amounts of the Secured Guarantees or whether any action has been taken under any Security Document, the Collateral Agent will be entitled to rely on information from (i) the Agents, and actions taken by them, (ii) any Lender (or any trustee, agent or similar representative designated pursuant to subsection (f) to supply such information) for information as to its Secured Guarantees and actions taken by it, to the extent that the Collateral Agent has not obtained such information from the foregoing sources, and (iii) the Borrower or any Subsidiary Guarantor, to the extent that the Collateral Agent has not obtained information from the foregoing sources.

(h) Distribution of Notices. Within two Domestic Business Days after it receives or sends any notice referred to in this subsection, the Collateral Agent shall send each Agent copies of any notice given by the Collateral Agent to any Lien Grantor, or received by it from any Lien Grantor, pursuant to Section 7, 8, 10, 13(j) or 14.

(i) Refusal to Act. The Collateral Agent may refuse to act on any notice, consent, direction or instruction from

either Agent or any agent, trustee or similar representative thereof that, in the Collateral Agent's opinion, (i) is contrary to law or the provisions of any Security Document, (ii) may expose the Collateral Agent to liability (unless the Collateral Agent shall have been indemnified, to its reasonable satisfaction, for such liability by the Lender), or (iii) is unduly prejudicial to the Agent or Lenders not joining in such notice, consent, direction or instruction.

(j) Resignation; Successor Collateral Agent. Subject to the appointment and acceptance of a successor Collateral Agent as provided in this subsection, the Collateral Agent may resign at any time by notifying the Agents and the Borrower. Upon acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent hereunder, and the retiring Collateral Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Collateral Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrowers and such successor. After the Collateral Agent's resignation hereunder, the provisions of Section 11 and this Section 12 shall continue in effect for the benefit of such retiring Collateral Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while the retiring Collateral Agent was acting as Collateral Agent.

Subject to Section 12(d), the Collateral Agent hereby agrees to be bound by the terms and provisions of all Loan Documents applicable to it.

Section 14. Termination of Liens; Release of Collateral.

(a) The Liens granted by the Borrower and the Lien Grantors under this Agreement shall terminate upon the payment in full of the unpaid principal amount of all Loans,

all accrued and unpaid interest thereon, and any other Obligations payable under the Loan Documents and the reduction of all outstanding Commitments to zero.

(b) The Liens granted by a Subsidiary Guarantor under this Agreement shall terminate when its Secured Guarantee is released pursuant to Section 2(c).

(c) Upon any termination of a Lien granted under this Agreement or release of Collateral, the Collateral Agent will, at the expense of the Borrower or the relevant Subsidiary Guarantor, promptly execute and deliver to such Borrower or Subsidiary Guarantor such documents as such Borrower or Subsidiary Guarantor shall reasonably request to evidence the termination of such Lien or the release of such Collateral, as the case may be.

(d) The Borrower and any Subsidiary Guarantor may sell, exchange, assign or otherwise dispose of any of its Equipment or Inventory in the ordinary course of business unless (i) doing so would violate a covenant in the Credit Agreements or (ii) the Loans shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement and the Collateral Agent shall have notified the Borrower or such Subsidiary Guarantor that its right to do so is terminated, suspended or otherwise limited. If such sale is to a Person which is not a Lien Grantor, then concurrently with any sale or other disposition permitted by the foregoing sentence, the Liens created by the Security Documents on the assets sold or disposed of will cease immediately without any action by the Collateral Agent or any Lender and the Collateral Agent will, at the expense of the Borrower or the relevant Subsidiary Guarantor, promptly execute and deliver to such Borrower or Subsidiary Guarantor such documents as such Borrower or Subsidiary Guarantor shall reasonably request to evidence the termination of such Lien on such assets.

Section 15. The Borrower and Subsidiary Guarantors.

(a) The Borrower hereby represents and warrants that the Subsidiary Guarantors listed on the signatures pages hereof represent all the Subsidiaries of the Borrower on the date hereof.

(b) If any additional Subsidiary (including, without limitation, any Special Purpose Vehicle) is formed or acquired after the date hereof, the Borrower will, within ten Business Days after such Subsidiary is formed or acquired, notify the Collateral Agent thereof and cause such Subsidiary to become a party hereto by signing and delivering to the Collateral Agent a Guarantee and Collateral Agreement Supplement, whereupon such Subsidiary shall become a "Subsidiary Guarantor" as defined herein.

Section 16. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as set forth in Schedule 10.2 of the relevant Credit Agreement in the case of the Borrower and the Agents, as set forth in an administrative questionnaire delivered to the Agent in the case of the Lenders, as set forth below in respect of the Collateral Agent and as set forth next to the signature thereof or in the relevant Guarantee and Collateral Agreement Supplement in the case of any Subsidiary Guarantor, or such other address as may be

hereafter notified by the respective parties hereto; provided that any notice, request or demand to or upon the Collateral Agent, the Agents or the Lenders shall not be effective until received. The Collateral Agent's details are:

CALYON New York Branch
1301 Ave of the Americas
New York, NY 10019-6022
Attention: Brian Bolotin and Sandra Markovic
Facsimile: (212) 459-3180
Telephone: (212) 261-7669
E-mail: brian.bolotin@us.calyon.com

Section 17. No Implied Waivers; Remedies Not Exclusive. No failure by the Collateral Agent or the Agents or any Lender to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Lender of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified herein and in each other are cumulative and are not exclusive of any other rights or remedies provided by law.

Section 18. Successors and Assigns. This Agreement is for the benefit of the Collateral Agent, the Agents and the Lenders. If all or any part of any Lenders' interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Lien Grantors and their successors and assigns.

Section 19. Amendments and Waivers. Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the parties hereto.

Section 20. Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

Section 21. Waiver of Jury Trial. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY SECURITY DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE

BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 22. Severability. If any provision of any Security Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law (i) the other provisions of the Security Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent, the Agents and the Lenders in order to carry out the intentions of the parties thereto as nearly as may be possible, and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

Section 23. Collateral Agent Subject to Direction of Agents.

(a) The Collateral Agent hereby covenants and agrees to serve as the Collateral Agent subject to the direction of the Agents in accordance herewith. Should the Collateral Agent fail or refuse to take or cause to be taken any action required or permitted to be taken or caused to be taken by it pursuant to this Agreement or any other Security Document, one or more of the Agents may take or cause to be taken such action consistently with the Loan Documents. At the request of any Agent, the Collateral Agent shall refrain from taking or causing to be taken any action permitted (but not required) to be taken or caused to be taken by it hereunder or under any other Loan Document. The Agents shall be entitled to all of the rights, remedies, benefits and protections granted to the Collateral Agent pursuant to this Agreement and the other Loan Documents to the same extent as granted herein or therein to the Collateral Agent. The provisions hereof are for the benefit of the Agents and the Lenders and may not be directly or indirectly modified without the prior written consent of each Agent. The foregoing shall apply notwithstanding anything to the contrary contained herein, in any other Security Document or otherwise.

(b) The Collateral Agent acknowledges that, for the purposes of the Loan Documents, it shall act solely at the direction of the Senior Agent until all Obligations related to the Senior Loans have been repaid and all Commitments have been terminated, and shall thereafter act at the direction of the Junior Agent, unless otherwise specifically provided for in the Loan Documents.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

AEROTURBINE, INC., as Borrower

By: _____
Name:
Title:

AEROTURBINE CAPITAL CORP., as
Subsidiary Guarantor

By: _____
Name:
Title:

CALYON New York Branch, as Collateral
Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A
to Guarantee and Collateral Agreement

GUARANTEE AND COLLATERAL AGREEMENT SUPPLEMENT

GUARANTEE AND COLLATERAL AGREEMENT SUPPLEMENT dated as of , 200 , between [NAME OF LIEN GRANTOR] (the "**Lien Grantor**") and CALYON New York Branch, as collateral agent (the "**Collateral Agent**").

WHEREAS, AeroTurbine, Inc. (the "**Borrower**"), the Subsidiary Guarantors party thereto and the Collateral Agent are parties to a Guarantee and Collateral Agreement dated as of April 26, 2006 (as heretofore amended and/or supplemented, the "**Collateral Agreement**") under which the Borrower secures certain of its obligations (the "**Obligations**") and the Subsidiary Guarantors guarantee the Obligations and secure their respective guarantees thereof;

WHEREAS, the Lien Grantor [desires to become] [is] a party to the Collateral Agreement as a Lien Grantor thereunder(1); and

WHEREAS, terms defined in the Collateral Agreement (or whose definitions are incorporated by reference in Section 1 of the Collateral Agreement) and not otherwise defined herein have, as used herein, the respective meanings provided for therein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

(a) Secured Guarantee.(2) The Lien Grantor unconditionally guarantees the full and punctual payment of each Obligation when due (whether at stated maturity, upon acceleration or otherwise). The Lien Grantor acknowledges that, by signing this Guarantee and Collateral Agreement Supplement and delivering it to the Collateral Agent, the Lien Grantor becomes a "Lien Grantor" for all purposes of the Collateral Agreement and that its obligations under the foregoing Secured Guarantee are subject to all the provisions of the Collateral Agreement (including those set forth in Section 2 thereof) applicable to the obligations of a Lien Grantor thereunder.

(b) Grant of Liens.

(i) Subject to all of the terms and conditions of the Collateral Agreement, in order to secure [its Secured Guarantee](3) [its Obligations under the Loan Documents](4), the Lien Grantor grants to the Collateral Agent for the benefit of the Lenders a continuing security interest in all the following property of the Lien Grantor,

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(1) If the Lien Grantor is the Borrower, delete this recital and paragraph (a) hereof.
(2) Delete this paragraph if the Lien Grantor is the Borrower or a Guarantor that is already a party to the Security Agreement.
(3) Delete bracketed words if the Lien Grantor is the Borrower.
(4) Delete bracketed words if the Lien Grantor is a Guarantor.

whether now owned or existing or hereafter acquired or arising and regardless of where located (the "**New Collateral**"):

[describe property being added to the Collateral]

(ii) With respect to each right to payment or performance included in the Collateral from time to time, the Lien granted therein includes a continuing security interest in all right, title and interest of the Lien Grantor in and to (A) any Supporting Obligation that supports such payment or performance, and (B) any Lien that (x) secures such right to payment or performance, or (y) secures any such Supporting Obligation.

(iii) The foregoing Liens are granted as security only and shall not subject the Collateral Agent, either Agent or any Lender, or transfer or in any way affect or modify, any obligation or liability of the Lien Grantor with respect to any of the New Collateral or any transaction in connection therewith.

(c) Party to Collateral Agreement. Upon delivering this Guarantee and Collateral Agreement Supplement to the Collateral Agent, the Lien Grantor will become a party to the Collateral Agreement and will thereafter have all the rights and obligations of a Lien Grantor and be bound by all the provisions thereof as fully as if the Lien Grantor were one of the original parties thereto.(5)

(d) Address of Lien Grantor. The address, facsimile number and e-mail address of the Lien Grantor for purposes of Section 15 of the Collateral Agreement are:

[address, facsimile number and e-mail address of Lien Grantor]

(e) Representations and Warranties. The Lien Grantor represents and warrants as follows:

(i) the Lien Grantor is a [corporation] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization];

(ii) the Lien Grantor has delivered a Perfection Certificate to the Collateral Agent. The information set forth therein is correct and complete as of the date hereof;

(iii) the execution and delivery of this Guarantee and Collateral Agreement Supplement by the Lien Grantor and the performance by it of its obligations under the Collateral Agreement as supplemented hereby are within its corporate or other powers, have been duly authorized by all necessary corporate or other action, require no action by or in respect of, or filing with, any governmental body, agency or official (other than the filing of UCC financing statements as contemplated by the above Perfection Certificate) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its organizational documents, or of any agreement,

(5) Delete paragraphs (c) and (d) if the Lien Grantor is already a party to the Security Agreement.

judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Lien on any of its assets;

(iv) the Collateral Agreement as supplemented hereby constitutes a valid and binding agreement of the Lien Grantor, enforceable in accordance with its terms, except as limited by (A) applicable bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally and (B) general principles of equity; and

(v) each of the representations, warranties and covenants set forth in Sections 4 and 5 of the Collateral Agreement is true as applied to the Lien Grantor and the New Collateral. For purposes of the foregoing sentence, references in said Sections to an "Original Lien Grantor" or a "Lien Grantor" shall be deemed to refer to the Lien Grantor, references to "Collateral" shall be deemed to refer to the New Collateral, and references to the "Closing Date" shall be deemed to refer to the date on which the Lien Grantor signs and delivers this Guarantee and Collateral Agreement Supplement.

(f) Governing Law. This Guarantee and Collateral Agreement Supplement shall be construed in accordance with and governed by the laws of the State of New York.

IN WITNESS WHEREOF, the parties hereto have caused this Guarantee and Collateral Agreement Supplement to be duly executed by their respective authorized officers as of the day and year first above written.

[NAME OF LIEN GRANTOR]

By: _____
Name:
Title:

CALYON New York Branch, as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT B
to Guarantee and Collateral Agreement

PERFECTION CERTIFICATE

The undersigned is a duly authorized officer of [NAME OF LIEN GRANTOR] (the "Lien Grantor"). With reference to the Guarantee and Collateral Agreement dated as of April 26, 2006 among AeroTurbine, Inc. (the "**Borrower**"), the Subsidiary Guarantors party thereto and CALYON New York Branch (the "**Collateral Agent**"), the undersigned certifies to the Collateral Agent on behalf of each Agent and the Lenders as follows:

1. Jurisdiction of Organization. The Lien Grantor is a [corporation] organized under the laws of .

2. Name. The exact [corporate] name of the Lien Grantor as it appears in its [certificate of incorporation] is as follows:

3. Prior Names. (a) Set forth below is each other [corporate] name that the Lien Grantor has had within the past three years, together with the date of the relevant change:

(b) Except as set forth in the attachments hereto, the Lien Grantor has not changed its corporate structure in any way within the past three years.

(c) None of the Lien Grantor's Collateral was acquired from another Person within the past three years, except:

(i) property sold to the Lien Grantor by another Person in the ordinary course of such other Person's business;

(ii) property with respect to which the Liens are to be perfected by taking possession or control thereof;

(iii) property acquired in transactions described in the attachments hereto; and

(iv) other property having an aggregate fair market value not exceeding $.

Attached hereto is a true copy of a file search report provided by [name of search company] from the central UCC filing office in each jurisdiction of organization.

IN WITNESS WHEREOF, I have hereunto set my hand this day of , 200[ ].

Name: _____
Title:

Exhibit 10.5

EXECUTION COPY

AIRCRAFT ASSET
SECURITY AGREEMENT

Dated as of April 26, 2006

among

AEROTURBINE, INC., as Borrower

THE SUBSIDIARY GUARANTORS OF AEROTURBINE, INC.
PARTY HERETO, as Subsidiary Guarantors

THE TRUSTS PARTY HERETO, as Trusts

and

CALYON New York Branch,
as Collateral Agent

Covering
Aircraft Assets Owned by the Borrower,
the Subsidiary Guarantors and the Trusts.

AIRCRAFT ASSET SECURITY AGREEMENT

AIRCRAFT ASSET SECURITY AGREEMENT, dated as of April 26, 2006 (the "**Security Agreement**") among AeroTurbine, Inc., a Delaware corporation (the "**Borrower**"), each Subsidiary Guarantor of the Borrower a party hereto (the "**Subsidiary Guarantors**"), each Trust established by or for the benefit of the Borrower or a Subsidiary a party hereto (the **"Trusts"**) and CALYON New York Branch, as Collateral Agent (the "**Collateral Agent**").

W I T N E S S E T H:

WHEREAS, the Borrower (as successor by merger to AerCap AT, Inc.), the Senior Lenders (as defined below) and CALYON New York Branch, as administrative agent for the Senior Lenders (the "**Senior Agent**"), are parties to a Senior Credit Agreement dated as of the date hereof (the "**Senior Credit Agreement**") providing for the making of certain Senior Loans to the Borrower (the "**Senior Loans**");

WHEREAS, the Borrower, the Junior Lenders (as defined below) and CALYON, Head Office, as agent for the Junior Lenders (the "**Junior Agent**"), are parties to a Junior Credit Agreement dated as of the date hereof (the "**Junior Credit Agreement**"; and, collectively with the Senior Credit Agreement, the "**Credit Agreements**") providing for the making of certain Junior Loans to the Borrower (the "**Junior Loans**");

WHEREAS, the Borrower is willing to secure its obligations under the Credit Agreements and certain other obligations described herein by granting Liens on certain of its assets to the Collateral Agent as provided in the Security Documents;

WHEREAS, the Borrower is willing to cause each of the Subsidiary Guarantors and each of the Trusts to guarantee the foregoing obligations of the Borrower and to secure its guarantee thereof by granting Liens on certain of its assets to the Collateral Agent as provided in the Security Documents;

WHEREAS, the Senior Lenders and the Junior Lenders (each a "**Lender**", and collectively, the "**Lenders**") are not willing to make financial accommodation available under the Credit Agreements unless (i) the foregoing obligations of the Borrower are secured and guaranteed as described above and (ii) each guarantee thereof is secured by Liens on assets of the Subsidiary Guarantors as provided in the Security Documents;

WHEREAS, each Lender has agreed, pursuant and subject to the terms and conditions of the Credit Agreements, to make a loan to the Borrower in the amount of its Commitment (the (the Senior Loans, collectively with the Junior Loans, the "**Loans**"), in connection with the financing of certain aircraft and engines owned by the Borrower;

WHEREAS, the parties desire by this Security Agreement, among other things, to grant to the Collateral Agent a Lien on the Collateral in accordance with the terms hereof, in trust as security for the Borrower's obligations to the Lenders, for the equal and ratable benefit and security of the Lenders;

WHEREAS, all things have been done to make the Loans, when executed by the Borrower and authenticated and delivered by the Collateral Agent hereunder, the legal, valid and binding obligations of the Borrower; and

WHEREAS, all things necessary to make this Security Agreement a legal, valid and binding obligation of the Borrower and the Collateral Agent for the uses and purposes herein set forth, in accordance with its terms, have been done and performed and have occurred:

GRANTING CLAUSE

NOW, THEREFORE, the Borrower, in order to secure the Obligations, and each Subsidiary Guarantor listed on the signature pages hereof, in order to secure its Secured Guarantee, and each Trust listed on the signature pages hereof, in order to secure the Obligations of its beneficiary, grants to the Collateral Agent for the benefit of the Agents and the Lenders a continuing security interest in all the following property of such Borrower or such Subsidiary Guarantor or Trust, as the case may be, whether now owned or existing or hereafter acquired or arising and regardless of where located:

(a) each Aircraft (including the constituent Airframe and the Engines and all replacements thereof and substitutions therefor as provided herein) and each Engine, all as more particularly described in a Security Agreement Supplement or any such replacements or substitutions therefor, as provided in this Security Agreement and all records, logs and manuals maintained with respect thereto and modification and maintenance records maintained with respect thereto;

(b) each Lease, all as more particularly set forth in an Assignment of Lease;

(c) all insurance and requisition proceeds with respect to the Aircraft and the Engines and the Inventory including but not limited to the insurance required under Section 2.07 hereof, but excluding any insurance maintained by the Borrower and not required under Section 2.07 hereof;

(d) all monies and securities from time to time deposited or required to be deposited with the Collateral Agent pursuant to any terms of this Security Agreement or required hereby to be held by the Collateral Agent hereunder; and

(e) all proceeds of the foregoing.

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, and its successors and assigns, in trust for the benefit and security of the Lenders, and for the uses and purposes and in all cases and as to all property specified in paragraphs (a) through (e) inclusive above, subject to the terms and provisions set forth in this Security Agreement.

The Borrower does hereby constitute the Collateral Agent the true and lawful attorney of the Borrower, irrevocably, granted for good and valuable consideration and coupled with an interest and with full power of substitution, and with full power (in the name of the Borrower or otherwise) to ask for, require, demand and receive any and all monies and claims for monies

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(in each case including insurance and requisition proceeds) due and to become due under or arising out of the property which now or hereafter constitutes part of the Collateral, to endorse any checks or other instruments or orders in connection therewith and to file any claims or to take any action or to institute any proceedings which the Collateral Agent may deem to be necessary or advisable in the premises; *provided* that the Collateral Agent shall not exercise any such rights except upon the acceleration of the Loans pursuant to Section 8 of the Senior Credit Agreement.

The Borrower agrees that at any time and from time to time, upon the written request of the Collateral Agent, the Borrower will promptly and duly execute and deliver or cause to be duly executed and delivered any and all such further instruments and documents as the Collateral Agent may reasonably deem necessary or desirable to perfect, preserve or protect the mortgage, security interests and assignments created or intended to be created hereby or to obtain for the Collateral Agent the full benefits of the assignment hereunder and of the rights and powers herein granted.

IT IS HEREBY COVENANTED AND AGREED by and between the parties hereto as follows:

ARTICLE I

DEFINITIONS

Section 1.01. Unless otherwise defined herein, capitalized terms used herein shall have the meanings assigned thereto in Appendix I of each Credit Agreement. In addition, the following terms shall have the following meanings:

"**Aircraft**" means each Airframe together with the Engines specified on a Security Agreement Supplement as relating to such Airframe as "Related Engines" (or any Replacement Engine therefor) ("**Related Engines**"), whether or not any such Related Engines may from time to time be installed on such Airframe or may be installed on any other airframe or on any other aircraft.

"**Airframe**" means (i) each aircraft (except Engines or engines from time to time installed thereon) identified by aircraft manufacturer and model, registration mark and manufacturer's serial number in a Security Agreement Supplement and any aircraft (except Engines or engines from time to time installed thereon) which may from time to time be substituted for such aircraft (except Engines, Engines or engines from time to time installed thereon) pursuant to clause (ii) of the first paragraph of Section 2.06(a) of this Security Agreement; and (ii) any and all related Parts (other than Engines or engines).

"**Assignment of Lease**" means an Assignment of Lease substantially in the form of Exhibit B, signed and delivered to the Collateral Agent for the purpose of assigning a Lease pursuant to Section 2.04.

"**Aviation Authority**" means, in respect of an Aircraft, any Governmental Authority which under the laws of the State of Registration may from time to time:

(a) have control or supervision of civil aviation in the State of Registration; or

(b) have jurisdiction over the registration, airworthiness or operation of, or other similar matters relating to that Aircraft.

"**Collateral**" or "**Aircraft Asset Collateral**" means all property, whether now owned or hereafter acquired, on which a Lien is granted or purports to be granted to the Collateral Agent pursuant to this Agreement.

"**Deregistration Power of Attorney**" means, in respect of an Aircraft, a deregistration power of attorney issued by the relevant Lessee in favor of the Borrower (or, if such Aircraft is leased by a Subsidiary Guarantor or a Trust, such Subsidiary Guarantor or Trust) in the form provided for by the Cape Town Convention (if the Cape Town Convention is applicable) or in the form approved by the Collateral Agent acting reasonably.

"**Engine**" means (i) each Related Engine and (ii) each engine, which is not a Related Engine, which is specified in a Security Agreement Supplement.

"**Exempt Aircraft**" means an Aircraft owned by a Special Purpose Leasing Subsidiary which Aircraft is (i) leased to a Lessee pursuant to a lease with a stated term (together with all stated renewals) of 16 months or less and (ii) registered in the name of the Lessee in a State of Registration which is not the United States.

"**Federal Aviation Act**" means that portion of the United States Code comprising those provisions formerly referred to as the Federal Aviation Act of 1958, as amended, or any subsequent legislation that amends, supplements or supersedes such provisions.

"**Federal Aviation Administration**" and "**FAA**" mean the United States Federal Aviation Administration and any agency or instrumentality of the United States government succeeding to their functions.

"**Lease**" means any lease permitted by the terms of Section 2.04(c) of this Security Agreement.

"**Lessee**" means any Person for so long, but only so long, as such Person is in possession of an Airframe and/or any Engine pursuant to the terms of a Lease which is then in effect pursuant to Section 2.04(c) of this Security Agreement.

"**Lien Grantors**" means, collectively, (i) the Borrower, each Subsidiary listed on the signature pages hereof under the caption "Subsidiary Guarantors", and each Trust listed on the signature pages hereof under the caption "Trusts" and their respective successors, and (ii) each Subsidiary or Trust that shall, at any time after the date hereof, become a Lien Grantor pursuant to Section 10.01, and "Lien Grantor" means any of the foregoing.

"**Parts**" means all appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment of whatever nature (other than (a) complete Engines or engines, and (b) any items leased by the Borrower from a third party that would constitute an Additional Part that may be removed pursuant to the penultimate sentence of Section 2.06 of this Security Agreement) which may from time to time be incorporated or installed in or attached to any Airframe or any Engine or removed therefrom (until replaced).

"**Permitted Lien**" means any Lien referred to in clauses (a) through (h) of Section 2.01 of this Security Agreement.

"**Prohibited Country**" means, with respect to an Aircraft or an Engine, any country to which the export and/or use of such Aircraft or Engine is not permitted under (a) any United Nations sanctions, (b) the Council Regulation (EC) No. 149/2003 which

updates and amends Council Regulation (EC) 1334/2000, (c) the United States Export Administration Act 1979 (as amended) or any successor legislation and/or the Export Administration Regulations promulgated there under, (d) where applicable, the various regulations administered from time to time by the Office of Foreign Assets Control of the U.S. Treasury Department, (e) any similar or corresponding legislation then in effect in the United States or (f) any subsequent United Nations Sanctions Orders the effect of which prohibits or restricts the export and/or use of Aircraft or Engines to such country.

"**Security Agreement**" means this Aircraft Asset Security Agreement, between the Borrower, the Subsidiary Guarantors and the Collateral Agent, as it may from time to time be supplemented or amended as herein provided, including supplementing by a Security Agreement Supplement pursuant thereto.

"**Security Agreement Supplement**" means a Security Agreement Supplement, substantially in the form of Exhibit A, signed and delivered to the Collateral Agent for the purpose of adding a Subsidiary of the Borrower or a Trust as a party hereto pursuant to Section 10.01 and/or adding additional property to the Collateral.

"**Special Purpose Leasing Subsidiary**" means a Subsidiary of the Borrower or a Subsidiary Guarantor (x) which has been organized as a Special Purpose Vehicle for the purpose of leasing one or more Aircraft and/or Engines to a single Lessee and (y) the Capital Stock of which has been pledged to the Collateral Agent pursuant to Section 7 of the Guarantee and Collateral Agreement.

"**State of Registration**" means, in relation to an Aircraft, any state or territory in which an Aircraft may for the time being be registered pursuant to a Lease or pursuant to this Agreement (as the case may be).

"**Trust**" means an owner trust organized by and for the benefit of the Borrower or a Subsidiary Guarantor under the laws of one of the States of the United States for the purpose of owning an Aircraft to be registered with the FAA on the basis of "citizenship", provided that the owner trustee shall be a bank or trust company which

customarily acts as an owner trustee in aircraft financings and the owner trust shall meet the Special Purpose Vehicle Criteria.

"**War Risk Insurance**" means, for any Aircraft, (i) Hull War Risk Insurance and (ii) war risk, hijacking and related perils insurance covering liability risks in respect of such Aircraft.

ARTICLE II

COVENANTS OF THE BORROWER

Section 2.01. Liens. Neither the Borrower nor any Subsidiary Guarantor nor any Trust will directly or indirectly create, incur, assume or suffer to exist any Lien on or with respect to any Collateral, title thereto or any interest therein, except:

(a) the Lien of this Security Agreement, and any other rights existing pursuant to the Loan Documents;

(b) the rights of others under agreements or arrangements to the extent permitted by the terms of Section 2.04 hereof;

(c) Liens for taxes of the Borrower or a Subsidiary Guarantor or Trust (or any Lessee) either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of any of the Collateral;

(d) materialmens', mechanics', workmens', repairmens', employees' or other like Liens arising in the ordinary course of the Borrower's or Subsidiary Guarantor's or Trust's (or, if a Lease is then in effect, Lessee's) business (including those arising under maintenance agreements entered into in the ordinary course of business) securing obligations that are not overdue for a period of more than sixty (60) days or are being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material danger of the sale, forfeiture or loss of any item of Collateral or any interest therein;

(e) Liens arising out of any judgment or award against the Borrower or any Subsidiary Guarantor or any Trust (or any Lessee), unless the judgment secured shall not, within sixty (60) days after the entry thereof, have been discharged, vacated, reversed or execution thereof stayed pending appeal or shall not have been discharged, vacated or reversed within sixty (60) days after the expiration of such stay;

(f) Liens for the fees or charges of any airport or air navigation authority arising in the ordinary course of the Borrower's or Subsidiary Guarantor's or Trust's (or, if a Lease is then in effect, Lessee's) business by statute or by operation of law, in each case for amounts the payment of which is either not yet due or being contested in good faith by appropriate proceedings so long as such proceedings do not involve any material risk of the sale, forfeiture or loss of any of the Collateral, provided that, notwithstanding the foregoing, the Borrower, any Subsidiary Guarantor or any Trust may suffer to exist such Liens for such fees

and charges ("Basket Liens") in an aggregate amount not to exceed $4,000,000 for the Borrower, its Subsidiary Guarantors and Trusts, provided, further, that the Borrower, its Subsidiary Guarantors and Trusts shall use all commercially reasonable efforts to require the payment of such Basket Liens by the applicable Lessees whose operations resulted in the occurrence of such Basket Liens which are then due and payable;

(g) any other Lien with respect to which the Borrower or any Subsidiary Guarantor or Trust (or any Lessee) shall have provided a bond, cash collateral or other security adequate in the reasonable opinion of the Collateral Agent; or

(h) Liens approved in writing by the Collateral Agent.

The Borrower will promptly, at its own expense, take (or cause to be taken) such actions as may be necessary duly to discharge any such Lien not excepted above if the same shall arise at any time.

Section 2.02. Registration of Aircraft.

(a) *Registration in the Name of the Borrower.* Except as otherwise permitted in clause (b) hereof, Borrower, at its own cost and expense, shall cause each Aircraft to be duly registered in its name (or the name of a Subsidiary Guarantor or a Trust, as the case may be), and to remain duly registered in the name of the Borrower (or the name of a Subsidiary Guarantor or a Trust, as the case may be) in the United States, Ireland, the Netherlands or the United Kingdom and shall cause this Security Agreement (or, if required by the laws of Ireland, the Netherlands or the United Kingdom, a local law mortgage containing substantially the terms and conditions of this Security Agreement) to be duly recorded or registered in the aircraft mortgage register of the applicable State of Registration as a first mortgage on such Aircraft and is duly registered as an "international interest" on the International Registry with no prior "international interests".

(b) *Registration in the Name of a Lessee.* The Borrower may cause an Aircraft to be registered in the name of a Lessee during the term of a Lease of such Aircraft in any country, provided, that:

(i) Such country is not a Prohibited Country;

(ii) Registration under the laws of such country is either required by the Aviation Authority of such country or is customary for aircraft leases entered by major international aircraft lessors with air carriers organized under the laws of such country;

(iii) The ownership interest of the Borrower (or Subsidiary Guarantor or Trust, as the case may be) is registered, recorded and noted in the register maintained by the Aviation Authority of such country to the fullest extent possible in accordance with any Requirement of Law of such country (it being understood and agreed that certain countries do not have a registry for ownership interests and that registration of the Aircraft may be in the name of the Lessee with a notation as to the lessor's interest);

(iv) Subject to clause (c) below, this Security Agreement (or, if required by the laws of such country, a local law mortgage containing substantially the terms and conditions of this Security Agreement) is duly recorded or registered in the aircraft mortgage register of such country as a first mortgage on such Aircraft and is duly registered as an "international interest" on the International Registry with no prior "international interests";

(v) If required by Section 2.04, the Lease has been assigned to the Collateral Agent pursuant to an Assignment of Lease and a Lessee Consent to Assignment has been obtained; and

(vi) If customarily obtained in connection with aircraft leases entered by major international aircraft lessors with air carriers organized under the laws of such country a Deregistration Power of Attorney, together with such other documents and/or authorizations as may be necessary or advisable as a Requirement of Law of such country to ensure the de-registration of such Aircraft on the expiry or earlier termination of such Lease.

(c) *Mortgage Exceptions.* If the State of Registration is not the United States, the Borrower shall not be required to cause this Security Agreement (or, if required by the laws of such country, a local law mortgage containing substantially the terms and conditions of this Security Agreement) to be duly recorded or registered in the aircraft mortgage register of the State of Registration as a first mortgage on such Aircraft if:

(i) Such Aircraft is an Exempt Aircraft; or

(ii) the Taxes, fees, costs and expenses which would be incurred in connection with the recordation or registration of this Security Agreement or a local law mortgage would exceed $10,000, then, unless the Collateral Agent shall elect to pay the amount by which such Taxes, fees, costs and expenses exceed $10,000.

(d) *Opinion prior to Change in Registration.* Except in the case of Aircraft with respect to which a mortgage is not required to be recorded or registered in reliance on the exceptions set forth in Section 2.01(c), prior to a change in the registration of an Aircraft, the Collateral Agent shall have received an opinion of local counsel (such counsel to be reasonably acceptable to the Collateral Agent) as to the steps (including the making or giving of any notices, filings, recordations and registrations) necessary or advisable (x) to perfect the Borrower's or such Subsidiary Guarantor's or such Trust's ownership interest therein and the Collateral Agent's security

interest therein under the Laws of the State of Registration and (y) otherwise to protect its interest therein as a matter of local law or customary practice (such as the procurement of a deregistration power of attorney and any necessary permits to import or export such aircraft from the applicable jurisdiction), and all such steps, if customarily taken by major international aircraft lessors in such jurisdictions, shall have been duly taken in a manner reasonably satisfactory to the Collateral Agent.

(e) *Engine Mortgage.* Borrower, at its own cost and expense, shall cause this Security Agreement to be duly recorded with the FAA as a first mortgage with respect to each Engine and duly registered with respect to each Engine as an "international interest" on the International Registry with no prior "international interests".

Section 2.03. Insignia. On or prior to the date each Airframe or Engine becomes subject to the Lien of this Security Agreement, or as soon as practicable thereafter, the Borrower agrees to affix and maintain (or cause to be affixed and maintained), at its expense, in the cockpit of each Airframe adjacent to the airworthiness certificate therein and on each Engine, a nameplate bearing the inscription:

Mortgaged To

CALYON New York Branch
as Collateral Agent

(such nameplate to be replaced, if necessary, with a nameplate reflecting the name of any successor Collateral Agent as permitted herein). Except as above provided, the Borrower will not allow the name of any Person (other than the Borrower) to be placed on any Airframe or on any Engine as a designation that might be interpreted as a claim of ownership; *provided* that nothing herein contained shall prohibit the Borrower (or any Lessee) from placing its customary colors and insignia on any Airframe or any Engine.

Section 2.04. Possession and Leases. Neither the Borrower nor any Subsidiary Guarantor or any Trust will, without the prior written consent of the Collateral Agent, lease or otherwise in any manner deliver, transfer or relinquish possession of any Airframe or any Engine; *provided* that, so long as the Loans have not been accelerated pursuant to Section 8 of the Senior Credit Agreement, at the time of such lease, delivery, transfer or relinquishment of possession or installation, and so long as the Borrower (or any Lessee) shall comply with the provisions of this Article II, the Borrower or a Subsidiary Guarantor or Trust may, without the prior written consent of the Collateral Agent:

(a) deliver possession of any Airframe or any Engine to the manufacturer thereof (or for delivery thereto) or to any organization (or for delivery thereto) for testing, service, repair, maintenance or overhaul work on such Airframe or Engine or any part of any thereof or for alterations or modifications in or additions to such Airframe or Engine to the extent required or permitted by the terms of Section 2.05 or 2.06 hereof;

(b) install an Engine on an airframe which is owned by the Borrower or a Subsidiary Guarantor or a Trust (or any Lessee), in each case, free and clear of all Liens, except:

(i) Permitted Liens and those which apply only to the engines (other than Engines), appliances, parts, instruments, appurtenances, accessories, furnishings and other equipment (other than Parts) installed on such airframe (but not to the airframe as an entirety),

(ii) the rights of third parties under interchange agreements which would be permitted under clause (i) above, *provided* that the Borrower's or Subsidiary Guarantor's or Trust's title to such Engine and the first priority Lien of this Security Agreement shall not be divested or impaired as a result thereof; and

(iii) mortgage liens or other security interests, *provided* that (as regards this clause (iii)) such mortgage liens or other security interests effectively provide that such Engine shall not become subject to the lien of such mortgage or security interest, notwithstanding the installation thereof on such airframe;

(c) the Borrower may, at any time, enter into any lease (a "Lease") of any Aircraft or Engine, with any Person (a "Lessee"), provided that:

(i) such Lessee is not organized or based in a Prohibited Country;

(ii) the terms of the Lease would not cause a violation with the terms of this Security Agreement (provided, that (x) in the case of a Lease of an Engine, the Lessee may be permitted to sublease the Engine and (y) in the case of the Lease of an Aircraft, the Lessee will not be permitted to sublease an Aircraft other than to a Subsidiary of the Lessee, provided, that, in either such cases, any such sublease is expressly subject and subordinate to the Lease), including without limitation, the inspection rights set forth in Section 2.08;

(iii) with respect to any Lease of an Aircraft or Engine having a stated term (including all stated renewals) in excess of 16 months, the Borrower shall have provided an opinion of counsel reasonably acceptable to the Collateral Agent, in

form and substance reasonably satisfactory to the Collateral Agent (it being understood and agreed that opinions that are customarily obtained with respect to such matters by major international lessors with lessees in such jurisdiction shall be acceptable to the Collateral Agent), addressed to the Collateral Agent, with respect to the due execution, delivery and enforceability of such Lease under the laws of the country of the Lessee's organization, subject to customary qualifications and assumptions and, if such registration or recordation is stated by such counsel to be necessary or advisable to enforce the Assignment of the Lease, the registration or recordation of the Assignment of Lease;

(iv) a copy of such Lease has been delivered to the Collateral Agent;

(v) such Lease has been assigned to the Collateral Agent pursuant to an Assignment of Lease and, in the case of a Assignment of Lease of an Engine, such Assignment of Lease has been recorded with the FAA and, in the case of an Assignment of Lease for an Aircraft (other than Aircraft which is an Exempted Property), (A) such Assignment of Lease has been registered or recorded as stated to be necessary or advisable by the opinion of counsel referred to in clause (iii) above and (B) a Lessee Consent to Assignment has been obtained; and

(vi) with respect to a Lease of an Aircraft (other than Aircraft which is an Exempted Property), if the State of Registration of such Aircraft has adopted the Cape Town Convention and the Lessee is organized in a jurisdiction that has adopted the Cape Town Convention, such Lease has been has been duly registered as an "international interest" on the International Registry with no prior "international interests" and the Assignment of Lease has been duly registered as an assignment of such "international interest" and with respect to a Lease of an Engine (other than an Engine which is an Exempted Property), if the Lessee is organized in a jurisdiction that has adopted the Cape Town Convention, such Lease has been has been duly registered as an "international interest" on the International Registry with no prior "international interests" and the Assignment of Lease has been duly registered as an assignment of such "international interest".

The rights of any Lessee or other transferee who receives possession by reason of a transfer permitted by this Section 2.04 shall be effectively subject and subordinate to, and any Lease permitted by this Section 2.04 shall be expressly subject and subordinate to, all the terms of this Security Agreement and to the Lien of this Security Agreement, including, without limitation, the Collateral Agent's rights to foreclosure and repossession pursuant to Article III hereof and to avoid such Lease upon such repossession, and the Borrower shall remain primarily liable hereunder for the performance of all of the terms of this Security Agreement to the same extent as if such Lease or transfer had not occurred. No pooling agreement, lease or other relinquishment of possession of any Airframe or any Engine shall in any way discharge or diminish any of the Borrower's obligations to the Collateral Agent hereunder or constitute a waiver of the Collateral Agent's rights or remedies hereunder. The Collateral Agent agrees, for the benefit of the Borrower (and any Lessee) and for the benefit of any mortgagee or other holder of a security interest in any engine (other than an Engine) owned by the Borrower (or any Lessee), any lessor of any engine (other than an Engine) leased to the Borrower (or any Lessee) and any conditional vendor of any engine (other than an Engine) purchased by the Borrower (or any Lessee) subject to a conditional sale agreement or any other security agreement, that no interest shall be created hereunder in any engine so owned, leased or purchased and that neither the Collateral Agent nor its successors or assigns will acquire or claim, as against the Borrower (or any Lessee) or any such mortgagee, lessor or conditional vendor or other holder of a security interest or any successor or assignee of any thereof, any right, title or interest in such engine as the result of such engine being installed on any Airframe; *provided, however,* that such agreement of the Collateral Agent shall not be for the benefit of any lessor or secured party of any airframe (other than an Airframe) leased to the Borrower (or any Lessee) or purchased by the Borrower (or any Lessee) subject to a conditional sale or other security agreement or for the benefit of any mortgagee of or any other holder of a security interest in an airframe owned by the Borrower (or any Lessee), unless such lessor, conditional vendor, other secured party or mortgagee has expressly agreed (which agreement may be contained in such lease, conditional sale or other security agreement or mortgage) that neither it nor its successors or assigns will acquire, as against the Collateral Agent, any right, title or interest in an Engine as a result of such Engine being installed on such airframe.

Section 2.05. Maintenance and Operation.

(a) *Maintenance.* Borrower, at its own cost and expense, shall (or shall cause any Lessee to):

(i) maintain, service, repair and overhaul (or cause to be maintained, serviced, repaired and overhauled) the Aircraft and the Engines in accordance with a maintenance program that is approved by the Aviation Authority of the State of Registration and complies in all material respects to the maintenance program recommended by the manufacturer of such Aircraft or Engine, as the case may be, so as to keep the Aircraft and the Engines in good operating condition (except for ordinary wear and tear), and as may be necessary to enable the applicable airworthiness certification for the Aircraft to be maintained in good standing at all times (other than during temporary periods of storage in accordance with applicable regulations or during maintenance or modification permitted hereunder) under the applicable laws of the State of Registration; and

(ii) maintain or cause to be maintained in the English language all records, logs and other materials required to be maintained in respect of the Aircraft and the Engines in a form consistent with the requirements of the Aviation Authority of the State of Registration.

(b) *Operation.* Neither the Borrower nor any Subsidiary Guarantor nor any Trust will maintain, use, service, repair, overhaul or operate the Aircraft and the Engines (or permit any Lessee to maintain, use, service, repair, overhaul or operate the

Aircraft or the Engines) in violation of any law or any rule, regulation, order or certificate of any government or governmental authority (domestic or foreign) having jurisdiction, or in violation of any airworthiness certificate, license or registration relating to the Aircraft or the Engines issued by the Aviation Authority. Neither the Borrower nor any Subsidiary Guarantor nor any Trust will knowingly or willfully operate the Aircraft or the Engines, or knowingly or willfully permit any Lessee to operate the Aircraft or the Engines, in any area excluded from coverage by any insurance required by the terms of Section 2.07.

(c) *Return Condition.* Nothing contained in this Section 2.05 shall be deemed to prohibit the Borrower, any Subsidiary Guarantor or any Trust from waiving return conditions applicable on the expiration or earlier termination of a Lease in exchange for a cash payment from the Lessee thereunder in lieu of performance.

Section 2.06. *Alterations, Modifications and Additions.* The Borrower, at its own expense, will make (or cause to be made) such alterations and modifications in and additions to the Airframes and Engines as may be required from time to time to meet the applicable standards of the FAA or any other governmental authority having jurisdiction; *provided, however,* that the Borrower (or, if a Lease is then in effect, any Lessee) may, in good faith, contest the validity or application of any such law, rule, regulation or order in any reasonable manner which does not materially adversely affect the first priority Lien of this Security Agreement and does not involve any material risk of sale, forfeiture or loss of the affected Eligible Equipment. In addition, the

Borrower (or any Lessee), at its own expense, may from time to time add further parts or accessories and make such alterations and modifications in and additions to any Airframe or any Engine as the Borrower (or any Lessee) may deem desirable in the proper conduct of its business, including, without limitation, removal of parts which the Borrower (or any Lessee) has determined in its reasonable judgment to be obsolete or no longer suitable or appropriate for use on such Airframe or Engine (such parts, "**Obsolete Parts**"); *provided* that no such alteration, modification or addition shall diminish (other than in a de minimus amount) the value or utility of such Airframe or Engine below the value or utility thereof immediately prior to such alteration, modification or addition, assuming such Airframe or Engine was then in the condition required to be maintained by the terms of this Security Agreement. All parts incorporated or installed in or attached or added to any Airframe or Engine as the result of such alteration, modification or addition (the "**Additional Parts**") shall, without further act, become subject to the Lien of this Security Agreement. Notwithstanding the foregoing sentence, the Borrower (or any Lessee) may remove or suffer to be removed any Additional Part, *provided* that such Additional Part (i) is in addition to, and not in replacement of or substitution for, any Part originally incorporated or installed in or attached to the appropriate Airframe or Engine on the date such Airframe or Engine became subject to the Lien of this Security Agreement or any part in replacement of, or substitution for, any such part, (ii) is not required to be incorporated or installed in or attached or added to such Airframe or Engine pursuant to the terms of Sections 2.05 and 2.06 hereof or this Section and (iii) can be removed from such Airframe or Engine without diminishing or impairing the value or utility which such Airframe or Engine would have had at the time of removal had such alteration, modification or addition not occurred, assuming that such Airframe or Engine were in the condition and repair required to be maintained by the terms hereof.

Section 2.07. Insurance.

(a) *Public Liability and Property Damage Insurance*. (I) Except as provided in clause (II) of this Section 2.07(a), the Borrower will carry or cause to be carried at its or any Lessee's expense (i) liability insurance (including, without limitation, passenger legal liability, third party legal liability including property damage but excluding manufacturers' product liability and cargo liability, including if and to the extent the same is maintained by the Borrower (or, if a Lease is then in effect, if and to the extent maintained by Lessee) War and allied perils in an amount not less than the greater of (x) the combined single limit from time to time applicable to aircraft owned or operated by the Borrower or any Subsidiary Guarantor (or, if a Lease is in effect, by the Lessee) and (y) a combined single limit of $150,000,000 of the type and covering the same risks as from time to time applicable to aircraft or engines owned or operated by the Borrower (or, if a Lease is then in effect, by Lessee) of the same type as the Aircraft and Engines and which is maintained in effect with insurers of recognized responsibility. Any policies of insurance carried in accordance with this paragraph (a) and any policies taken out in substitution or replacement for any of such policies (A) shall be endorsed to name the Collateral Agent and each Lender (but without imposing on any such parties liability to pay the premiums for such insurance) (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) as additional insureds as their respective interests may appear, (B) shall provide that in respect of the interest of the Collateral Agent and each Lender (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) in such policies the insurance shall

not be invalidated by any action or inaction of the Borrower (or, if any Lease is then in effect, any Lessee) or any other Person and shall insure the Collateral Agent (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Borrower (or, if any Lease is then in effect, any Lessee), (C) shall provide that, except to the extent not provided for by the Borrower's war risk, hijacking and related perils insurance provider, if the Borrower maintains war risk, hijacking and related perils insurance, if the insurers cancel such insurance for any reason whatever or if any material change is made in such insurance which adversely affects the interest of the Collateral Agent or any Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease), or such insurance shall lapse for non-payment of premium, such cancellation, lapse or change shall not be effective as to the Collateral Agent or such Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) for thirty (30) days (seven (7) days in the case of war risk and allied perils coverage) after issuance to the Collateral Agent and each Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease), respectively, of written notice by such insurers of such cancellation, lapse or change; provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (D) shall be primary without right of contribution from any other insurance which is carried by the Collateral

Agent or any Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease), (E) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured, and (F) shall waive any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Collateral Agent or any Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) to the extent of any moneys due to the Collateral Agent or any Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease). To the extent that the Borrower maintains war risk, hijacking and related perils liability insurance and the Borrower's war risk, hijacking and related perils liability insurance provider does not provide for provision of direct notice to the Collateral Agent and each Lender of cancellation, material change or lapse in the insurance required hereunder, the Borrower hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Collateral Agent and each Lender immediate notice of each cancellation or lapse of, or material change to, such insurance.

(II) During any period that an Aircraft or Engine is on the ground and not in operation, the Borrower may carry or cause to be carried, in lieu of the insurance required by clause (I) above, insurance otherwise conforming with the provisions of said clause (I) except that (A) the amounts of coverage shall not be required to exceed the amounts of liability insurance from time to time applicable to aircraft or engines owned or operated by the Borrower of the same type as such Aircraft or Engine which are on the ground and not in operation; and (B) the scope of the risks covered and the type of insurance shall be the same as from time to time shall be applicable to aircraft or engines owned or operated by the Borrower of the same type which are on the ground and not in operation.

(b) *Insurance Against Loss or Damage to the Aircraft and Engines.* (I) Except as provided in clause (II) of this Section 2.07(b), the Borrower shall maintain or cause

to be maintained in effect, at its or any Lessee's expense, with insurers of recognized responsibility, (A) all-risk ground and flight aircraft hull insurance covering each Aircraft and Engine, (B) all-risk ground - coverage of the Engines while removed from each Aircraft and replaced by similar components and (C) all risk property damage insurance covering the Aircraft and Engines (including, without limitation, with respect to any Aircraft or Engine, war risk and governmental confiscation and expropriation (other than by the government of registry of such Aircraft) and hijacking insurance (with such limitations as are customary in the industry)(collectively, "Hull War Risk Insurance"), if and to the extent the same is maintained by the Borrower (or, if a Lease is then in effect, by Lessee) with respect to other aircraft or engines owned or operated by the Borrower (or such Lessee) on the same routes as such Aircraft or Engine is operated, except that the Borrower (or such Lessee) shall maintain Hull War Risk Insurance if such Aircraft is operated on routes where the custom is for major international air carriers flying comparable routes to carry such insurance) which is of the type as from time to time applicable to aircraft or engines owned or operated by the Borrower (or, if a Lease is then in effect, by Lessee) of the same type as such Aircraft or Engine; provided that such insurance shall at all times while any Aircraft, or any Engine is subject to this Security Agreement be for an amount (subject to self-insurance to the extent permitted by Section 2.07(d)) not less than 105% of the allocable contribution of such Aircraft and Engine to the Borrowing Base, subject to standard deductibles. Any policies carried in accordance with this paragraph (b) covering the Aircraft and Engines, and any policies taken out in substitution or replacement for any such policies (i) shall name the Collateral Agent (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) as an additional insured, as its interest may appear (but without imposing on such party liability to pay premiums with respect to such insurance), (ii) shall provide that all proceeds with respect to a Recovery Event shall be payable to the Collateral Agent for application pursuant to Section 2.11 of the Senior Credit Agreement, (iii) shall provide that if the insurers cancel such insurance for any reason whatever, or such insurance lapses for non-payment of premium or if any material change is made in the insurance which adversely affects the interest of the Collateral Agent, such cancellation, lapse or change shall not be effective as to the Collateral Agent (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) for thirty (30) days (seven (7) days in the case of Hull War Risk Insurance coverage) after issuance to the Collateral Agent and each Lender (or, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease), respectively, of written notice by such insurers of such cancellation, lapse or change, provided, however, that if any notice period specified above is not reasonably obtainable, such policies shall provide for as long a period of prior notice as shall then be reasonably obtainable, (iv) shall provide that in respect of the interest of the Collateral Agent and each Lender (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) in such policies the insurance shall not be invalidated by any action or inaction of the Borrower (or, if a Lease is then in effect, any Lessee) or any other Person and shall insure the Collateral Agent (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease) regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Borrower (or, if a Lease is then in effect, any Lessee), (v) shall waive any right of subrogation of the insurers against the Collateral Agent and each Lender (and, if any Lease shall be in effect, the Borrower in its capacity as lessor under the Lease), and (vi) shall waive any right of the insurers to set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect

of any liability of the Collateral Agent or the Borrower (or any Lessee) to the extent of any moneys due to the Collateral Agent. To the extent that the Borrower maintains Hull War Risk Insurance and the Borrower's Hull War Risk Insurance provider does not provide for provision of direct notice to the Collateral Agent and each Lender of cancellation, material change or lapse in the insurance required hereunder, the Borrower hereby agrees that upon receipt of notice of any thereof from such insurance provider it shall give the Collateral Agent and each Lender immediate notice of each cancellation or lapse of, or material change to, such insurance. In the case of a loss with respect to an engine (other than an Engine) installed on an Airframe, the Collateral Agent shall hold any payment to it of any insurance proceeds in respect of such loss for the account of any third party that is entitled to receive such proceeds.

As between the Collateral Agent and the Borrower, the insurance payments for any property damage loss to any Airframe or Engine not constituting a Recovery Event with respect thereto will be applied in payment for repairs or for replacement

property in accordance with the terms of Sections 2.05 and 2.06, if not already paid for by the Borrower (or any Lessee or insurer), and any balance (or if already paid for by the Borrower (or any Lessee), all such insurance proceeds) remaining after compliance with such Sections with respect to such loss shall be paid to the Borrower (or any Lessee if directed by the Borrower).

(II) During any period that an Aircraft or Engine is on the ground and not in operation, the Borrower may carry or cause to be carried, in lieu of the insurance required by clause (I) above, insurance otherwise conforming with the provisions of said clause (I) except that the scope of the risks and the type of insurance shall be the same as from time to time applicable to aircraft or engines owned or operated by the Borrower (or, if a Lease is then in effect, by Lessee) of the same type similarly on the ground and not in operation, provided that the Borrower shall maintain insurance against risk of loss or damage to such Aircraft or Engine in an amount equal 105% of the allocable contribution of such Aircraft or Engine to the Borrowing Base, subject to a standard deductible.

(c) *Reports, etc.* The Borrower will furnish, or cause to be furnished, to the Collateral Agent and each Lender, on or before the Closing Date and on or before April 1 in each year thereafter commencing April 1, 2007, a certificate of insurance in respect to aircraft and engines not on lease signed by Willis Limited on behalf of the insurers or any other independent firm of insurance brokers reasonably acceptable to the Collateral Agent (the "Insurance Brokers"), describing in reasonable detail the insurance and, if applicable, reinsurance then carried and maintained with respect to the Eligible Equipment. The Borrower will cause such Insurance Brokers to agree to advise the Collateral Agent and each Lender in writing of any default in the payment of any premium. To the extent such agreement is reasonably obtainable, the Borrower will also cause such Insurance Brokers to agree to advise the Collateral Agent and each Lender in writing at least thirty (30) days (seven (7) days in the case of commercial war risk and allied perils coverage), prior to the expiration or termination date of any commercial insurance carried and maintained on any Eligible Equipment pursuant to this Section 2.07; provided that, in respect of any commercial War Risk Insurance, if the notice period specified above is not obtainable, the Insurance Brokers shall provide for as long a period of notice as shall then be obtainable. In addition, the Borrower will also cause such Insurance Brokers to deliver to the Collateral Agent and each Lender, on or prior to the date of expiration of any commercial

insurance policy referenced in a previously delivered certificate of insurance, a new certificate of insurance, substantially in the same form as delivered by the Borrower to such party on the Closing Date. In the event that the Borrower or any Lessee shall fail to maintain or cause to be maintained insurance as herein provided, the Collateral Agent or any Lender may at its sole option provide such insurance and, in such event, the Borrower shall, upon demand, reimburse the Collateral Agent or such Lender for the cost thereof to Collateral Agent or such Lender, without waiver of any other rights Collateral Agent or such Lender may have. The Collateral Agent agrees that endorsements in accordance with AVN67B shall be acceptable.

(d) In addition the Borrower will provide a report signed by Willis Aviation Consulting Limited or any other independent firm of insurance advisers reasonably acceptable to the Collateral Agent (the "Insurance Advisers") stating the opinion of such firm that the insurance then carried by the Borrower or any Lessee and maintained with respect to the Eligible Equipment complies with the terms hereof; provided, however, (i) in the case of War Risk Insurance acquired by the Borrower directly from the FAA or other instrumentality of the United States, no opinion concerning such coverage, other than the fact that the Borrower has acquired it, need be given and (ii) that all information contained in the foregoing report shall not be made available by the Collateral Agent or the Lender to anyone except (A) to permitted transferees of the Lender or the Collateral Agent who agree to hold such information confidential, (B) to the Lender's or the Collateral Agent's counsel or independent certified public accountants or independent insurance advisors who agree to hold such information confidential, (C) as may be required by any statute, court or administrative order or decree or governmental ruling or regulation or (D) to bank examiners and auditors.

(e) *Additional Insurance by the Borrower.* The Borrower (and any Lessee) may at its own expense carry insurance with respect to its interest in the Eligible Equipment in amounts in excess of that required to be maintained by this Section 2.07.

(f) *Indemnification by Government in Lieu of Insurance.* Notwithstanding any provisions of this Section 2.07 requiring insurance, the Collateral Agent agrees to accept, in lieu of insurance against any risk with respect to the Eligible Equipment, indemnification from, or insurance provided by, the United States Government or any agency or instrumentality thereof or, in the case of an Aircraft, upon the written consent of the Collateral Agent, other Country of Registration of such Aircraft or any agency or instrumentality thereof, against such risk in an amount which, when added to the amount of insurance against such risk maintained by the Borrower (or any Lessee) with respect to the Eligible Equipment (including permitted self-insurance) shall be at least equal to the amount of insurance against such risk otherwise required by this Section 2.07. The Borrower shall furnish (including by e-mail distribution) in advance of attachment of such indemnity or insurance (or any renewal thereof), if practical to do so or as soon thereafter as is practicable, copies of any certificates of insurance evidencing any such indemnity or insurance, together with such evidence as shall be required thereunder to cause the additional insureds/loss payee hereunder to be named as additional insureds thereunder.

(g) *Aircraft and Engines being Parted Out.* Aircraft and engines which are both (i) on the ground and not in operation and (ii) either being disassembled for parts or held on

consignment shall not be "Aircraft" or "Engines" for which insurance is required to be obtained under this Section 2.07.

(h) *Aircraft and/or Engines on Lease on Closing Date.* As soon as practicable after the Closing Date, the Borrower shall cause each Lessee of Aircraft Asset Leases in effect on the Closing Date to revise the insurance maintained pursuant to such Aircraft Asset Leases to provide for the endorsements in favor of the Collateral Agent and the Lenders required by this Section 2.07.

So long as the Borrower shall use all commercially reasonable efforts to obtain such endorsements, the Borrower shall not be deemed in default of its obligations hereunder as a result of the insurance being maintained by such Lessee of a Aircraft Asset Lease entered into prior to the Closing Date not providing for the endorsements in favor of the Collateral Agent required by this Section 2.07.

Section 2.08. Inspection.

At all reasonable times and upon at least 15 Business Days prior written notice to the Borrower, the Collateral Agent acting on behalf of all of the Lenders, and their authorized representatives may inspect the Aircraft and the Engines in Borrower's or any Subsidiary Guarantor's possession and inspect and make copies (at the Collateral Agent's expense unless an Event of Default shall be continuing, in which case it shall be at the Borrower's expense) of the books and records of the Borrower or any Subsidiary Guarantor or any Trust relating to the maintenance of the Aircraft and the Engines upon reasonable notice and at any time during normal business hours and not more than once during any fiscal quarter (unless an Event of Default shall have occurred and be continuing). The Collateral Agent shall not have any duty to make any such inspection nor shall it incur any liability or obligation by reason of not making such inspection. To the extent any Aircraft or Engine is subject to an Aircraft Asset Lease, the Borrower shall (or shall cause the applicable Subsidiary Guarantor of Trust) to exercise the inspection rights set forth in such Aircraft Asset Lease at the reasonable request of the Collateral Agent not more than once during any fiscal quarter (unless an Event of Default shall have occurred and be continuing) to the extent permitted under such Aircraft Asset Lease.

Section 2.09. Requisition, etc.

In the event of the requisition for use by any government, or any instrumentality or agency thereof, of an Airframe or an Engine, so long as such Airframe or Engine is subject to the Lien of this Security Agreement, the Borrower shall promptly notify the Collateral Agent of such requisition, and all of the Borrower's obligations under this Security Agreement with respect thereto, shall continue to the same extent as if such requisition had not occurred. All payments received by the Collateral Agent or the Borrower from such government or instrumentality or agency thereof for the use of such Airframe and Engines shall be paid over to, or retained by, the Borrower (or, if directed by the Borrower, any Lessee).

Section 2.10. Status of Lease Default Equipment and Impaired Aircraft Assets.

Any failure of the Borrower, any Subsidiary Guarantor or any Trust to perform or observe any covenant, condition, agreement or any error in a representation or warranty under

this Agreement or any other Loan Agreement shall not constitute a default hereunder or any other Loan Document or a Default or Event of Default under the Credit Agreements to the extent such failure or error is caused solely by reason of an event that causes an Aircraft Asset to be Lease Default Equipment or an Impaired Aircraft Asset, so long as the Borrower is complying with its obligations under Section 2.9(d) of the Senior Credit Agreement and, unless such Aircraft Asset has a Borrowing Base Value of zero, is exercising all commercially reasonable efforts to correct or remedy such event.

ARTICLE III

REMEDIES OF COLLATERAL AGENT

Section 3.01. Remedies.

(a) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, then in every such case, the Collateral Agent may do one or more of the following, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(i) cause the Borrower or the relevant Subsidiary Guarantor or Trust upon the written demand of the Collateral Agent and at the Borrower's or the relevant Subsidiary Guarantor's expense, to deliver promptly, and the Borrower shall deliver promptly, the Collateral (or any portion thereof) as the Collateral Agent may so demand to the Collateral Agent, or the Collateral Agent, at its option, may enter upon the premises where all or any part of the Collateral is located and take immediate possession (to the exclusion of the Borrower or the relevant Subsidiary Guarantor or Trust and all Persons claiming under or through the Borrower or the relevant Subsidiary Guarantor or Trust) of and remove the same by summary proceedings;

(ii) subject to the notice specified in Section 6.01, sell the Collateral (or any portion thereof) at public or private sale, whether or not the Collateral Agent shall at the time have possession thereof, as the Collateral Agent may determine, or lease or otherwise dispose of, all or any part of any Airframe, any Engine or any Inventory as the Collateral Agent, in its sole discretion, may determine, all free and clear of any rights of the Borrower or the relevant Subsidiary Guarantor or Trust, except as hereinafter set forth in this Article III; provided, however, that the Borrower or the relevant Subsidiary Guarantor or Trust shall be entitled at any time prior to any such disposition to redeem the Collateral by paying in full all of the Obligations; or

(iii) exercise any or all of the rights and powers and pursue any and all remedies of a secured party under the Uniform Commercial Code of the State of New York.

(b) Any Lender shall be entitled, at any sale pursuant to this Article III, to credit against any purchase price bid at such sale by such holder all or any part of the unpaid obligations owing to such Lender and secured by the Lien of this Security Agreement. Any

Lender shall, upon any purchase, acquire good title to the property so purchased, to the extent permitted by applicable law, free of all rights of redemption.

(c) In the event of any sale of the Collateral, or any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the unpaid principal amount of all Loans then outstanding, together with accrued interest thereon, and other amounts due thereunder, shall immediately become due and payable without presentment, demand, protest or notice, all of which are hereby waived.

(d) Any sale of the Collateral or any part thereof or any interest therein, whether pursuant to foreclosure or power of sale or otherwise hereunder, shall forever be a bar against the Borrower or the relevant Subsidiary Guarantor, after the expiration of the period, if any, during which the Borrower or the Subsidiary Guarantor or Trust shall have the benefit of Section 3.01(a)(ii) hereof or any redemption laws which may not be waived.

(e) Any sale or other conveyance of the Collateral by the Collateral Agent made pursuant to the terms of this Security Agreement shall bind the Lenders and the Borrower and the relevant Subsidiary Guarantors and Trusts and shall be effective to transfer or convey all right, title and interest of the Borrower and the relevant Subsidiary Guarantors. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Collateral Agent.

Section 3.02. Return of Equipment, Etc.

(a) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, at the request of the Collateral Agent, the Borrower and/or the relevant Subsidiary Guarantors and/or Trusts shall promptly execute and deliver to the Collateral Agent such instruments of title and other documents as the Collateral Agent may deem necessary or advisable to enable the Collateral Agent or an agent or representative designated by the Collateral Agent, at such time or times and place or places as the Collateral Agent may specify, to obtain possession of all or any part of the Collateral to which the Collateral Agent shall at the time be entitled hereunder. If the Borrower shall for any reason fail to execute and deliver such instruments and documents after such request by the Collateral Agent, the Collateral Agent may (i) obtain a judgment conferring on the Collateral Agent the right to immediate possession and requiring the Borrower to execute and deliver such instruments and documents to the Collateral Agent, to the entry of which judgment the Borrower hereby specifically consents to the fullest extent permitted by applicable law, and (ii) pursue all or part of such Collateral wherever it may be found and may enter any of the premises of the Borrower wherever such Collateral may be or be supposed to be and search for such Collateral and take possession of and remove such Collateral. All expenses of obtaining such judgment or of pursuing, searching for and taking such property shall, until paid, be secured by the Lien of this Security Agreement.

(b) Upon every such taking of possession, the Collateral Agent may, from time to time, at the expense of the Collateral, make all such expenditures for maintenance, use,

operation, storage, insurance, leasing, control, management, disposition, modifications or alterations to and of the Collateral, as it may deem proper. In each such case, the Collateral Agent shall have the right to maintain, use, operate, store, insure, lease, control, manage, dispose of, modify or alter the Collateral and to carry on the business and to exercise all rights and powers of the Borrower and/or the relevant Subsidiary Guarantors and/or Trusts relating to the Collateral, as the Collateral Agent shall deem best, including the right to enter into any and all such agreements with respect to the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, modification or alteration of the Collateral or any part thereof as the Collateral Agent may determine, and the Collateral Agent shall be entitled to collect and receive directly all tolls, rents, revenues, issues, income, products and profits of the Collateral and every part thereof, without prejudice, however, to the right of the Collateral Agent under any provision of this Security Agreement to collect and receive all cash held by, or required to be deposited with, the Collateral Agent hereunder. Such tolls, rents, revenues, issues, income, products and profits shall be applied to pay the expenses of the maintenance, use, operation, storage, insurance, leasing, control, management, disposition, improvement, modification or alteration of the Collateral and of conducting the business thereof, and to make all payments which the Collateral Agent may be required or may elect to make, if any, for taxes, assessments, insurance or other proper charges upon the Collateral or any part thereof (including the employment of engineers and accountants to examine, inspect and make reports upon the properties and books and records of the Borrower), and all other payments which the Collateral Agent may be required or authorized to make under any provision of this Security Agreement, as well as just and reasonable compensation for the services of the Collateral Agent, and of all persons properly engaged and employed by the Collateral Agent with respect hereto.

Section 3.03. Discontinuance of Proceedings. In case the Collateral Agent shall have instituted any proceeding to enforce any right, power or remedy under this Security Agreement by foreclosure, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely to the Collateral Agent, then and in every such case the Borrower, the Subsidiary Guarantors, the Trusts and the Collateral Agent shall, subject to any determination in such proceedings, be restored to their former positions and rights hereunder with respect to the Collateral, and all rights, remedies and powers of the Borrower, the Subsidiary Guarantors, the Trusts or the Collateral Agent shall continue as if no such proceedings had been instituted.

Section 3.04. Appointment of Receiver. The Collateral Agent shall, as a matter of right, be entitled to the appointment of a receiver (who may be the Collateral Agent or any successor or nominee thereof) for all or any part of the Collateral, whether such

receivership be incidental to a proposed sale of the Collateral or the taking of possession thereof or otherwise, and the Borrower hereby consents to the appointment of such a receiver and will not oppose any such appointment. Any receiver appointed for all or any part of the Collateral shall be entitled to exercise all the rights and powers of the Collateral Agent with respect to the Collateral.

ARTICLE IV

APPLICATION OF PROCEEDS

Section 4.01. Application of Proceeds.

(a) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, the Collateral Agent may apply the proceeds of any sale or other disposition of all or any part of the Collateral, in the order of priorities:

first, to pay the expenses of such sale or other disposition, including reasonable compensation to agents of and counsel for the Collateral Agent, and all expenses, liabilities and advances incurred or made by the Collateral Agent in connection with the Security Documents, and any other amounts then due and payable to the Collateral Agent in connection with the Security Documents;

second, to pay ratably all interest (including post-petition interest) and all facility and other fees and indemnity amounts payable in connection with the Senior Loans, until payment in full of all such interest and other fees and indemnity amounts shall have been made;

third, to pay the unpaid principal on the Senior Loans and all other Obligations (including in connection with Specified Hedge Agreements) in connection with the Senior Loans;

fourth, to pay ratably all interest (including post-petition interest) and all facility and other fees and indemnity amounts payable in connection with the Junior Loans, until payment in full of all such interest and other fees and indemnity amounts shall have been made;

fifth, to pay the unpaid principal on the Junior Loans and all other Obligations in connection with the Junior Loans; and

finally, to pay to the Borrower or the relevant Subsidiary Guarantor or Trust, or as a court of competent jurisdiction may direct, any surplus then remaining from the proceeds of the Collateral owned by it;

provided that Collateral owned by a Subsidiary Guarantor and any proceeds thereof shall be applied pursuant to the foregoing clauses first, second, third, fourth and fifth, only to the extent permitted by the limitation in Section 2(j) of the Guarantee and Collateral Agreement. The Collateral Agent may make such distributions hereunder in cash or in kind or, on a ratable basis, in any combination thereof.

(b) In making the payments and allocations required by this Article, the Collateral Agent may rely upon information supplied to it pursuant to Section 8.01(g). All distributions made by the Collateral Agent pursuant to this Article IV shall be final (except in the event of manifest error) and the Collateral Agent shall have no duty to inquire as to the application by either Agent or any Lender of any amount distributed to it.

ARTICLE V

FEES AND EXPENSES, INDEMNIFICATION

Section 5.01. Fees and Expenses and Indemnification. The Borrower will forthwith upon demand pay to the Collateral Agent:

(i) the amount of any Taxes that the Collateral Agent may have been required to pay by reason of the Liens created by the Security Documents or to free any Collateral from any other Lien thereon (other than Permitted Liens);

(ii) the amount of any and all reasonable out-of-pocket expenses, including transfer Taxes and reasonable fees and expenses of counsel and other experts, that the Collateral Agent may incur in connection with (x) the administration or enforcement of the Security Documents, including such expenses as are incurred to preserve the value of the Collateral or the validity, perfection, rank or value of any Lien created by the Security Documents, (y) the collection, sale or other disposition of any Collateral, or (z) the exercise by the Collateral Agent of any of its rights or powers under the Security Documents;

(iii) the amount of any fees that the Borrower shall have agreed in writing to pay to the Collateral Agent and that shall have become due and payable in accordance with such written agreement; and

(iv) the amount required to indemnify the Collateral Agent for, or hold it harmless and defend it against,

any loss, liability or expense (including the reasonable fees and expenses of its counsel and any experts or sub-agents appointed by it hereunder) incurred or suffered by the Collateral Agent in connection with the Security Documents, except to the extent that such loss, liability or expense arises from the Collateral Agent's gross negligence or willful misconduct or a breach of any duty of the Collateral Agent under this Agreement (after giving effect to Articles VI and VII).

Any such amount not paid to the Collateral Agent on demand will bear interest for each day thereafter until paid at the highest rate of interest payable in connection with the Obligations under the Credit Agreements.

ARTICLE VI

AUTHORITY TO ADMINISTER COLLATERAL

Section 6.01. Authority To Administer Collateral. The Borrower and each Subsidiary Guarantor and each Trust irrevocably appoints the Collateral Agent its true and lawful attorney, with full power of substitution, in the name of such Subsidiary Guarantor, any Lender or otherwise, for the sole use and benefit of the Lender, but at the Borrower's expense, to the extent permitted by law to exercise, at any time and from time to time while an Event of Default shall have occurred and be continuing, all or any of the following powers with respect to

all or any of the Borrower's, such Subsidiary Guarantor's or such Trust's Collateral (to the extent necessary to pay the Obligations in full):

(a) to demand, sue for, collect, receive and give acquaintance for any and all monies due or to become due upon or by virtue thereof;

(b) to settle, compromise, compound, prosecute or defend any action or proceeding with respect thereto;

(c) to sell, lease, license or otherwise dispose of the same or the proceeds or avails thereof, as fully and effectually as if the Collateral Agent were the absolute owner thereof; and

(d) to extend the time of payment of any or all thereof and to make any allowance or other adjustment with reference thereto;

provided that, except in the case of Collateral that is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, the Collateral Agent will give the Borrower or the relevant Subsidiary Guarantor or Trust at least twenty days prior written notice of the time and place of any public sale thereof or the time after which any private sale or other intended disposition thereof will be made. The Collateral Agent and each Subsidiary Guarantor agree that such notice shall be considered to have been "sent within a reasonable time" pursuant to UCC Section 9-612. Such notice shall (i) contain the information specified in UCC Section 9-613, (ii) be Authenticated and (iii) be sent to the parties required to be notified pursuant to UCC Section 9-611(c); provided that, if the Collateral Agent fails to comply with this sentence in any respect, its liability for such failure shall be limited to the liability (if any) imposed on it as a matter of law under the UCC.

ARTICLE VII

LIMITATION ON DUTY IN RESPECT OF COLLATERAL

Section 7.01. Limitation On Duty In Respect Of Collateral. Beyond the exercise of reasonable care in the custody and preservation thereof, the Collateral Agent will have no duty as to any Collateral in its possession or control or in the possession or control of any sub-agent or bailee or any income therefrom or as to the preservation of rights against prior parties or any other rights pertaining thereto. The Collateral Agent will be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession or control if such Collateral is accorded treatment substantially equal to that which it accords its own property, and will not be liable or responsible for any loss or damage to any Collateral, or for any diminution in the value thereof, by reason of any act or omission of any sub-agent or bailee selected by the Collateral Agent in good faith or by reason of any act or omission by the Collateral Agent pursuant to instructions from the Agents or the Lenders, except to the extent that such liability arises from the Collateral Agent's gross negligence or willful misconduct.

ARTICLE VIII

GENERAL PROVISIONS CONCERNING THE COLLATERAL AGENT

Section 8.01. General Provisions Concerning The Collateral Agent.

(a) Authority. The Collateral Agent is authorized to take such actions and to exercise such powers as are delegated to the Collateral Agent by the terms of the Loan Agreements, together with such actions and powers as are reasonably incidental thereto.

(b) Coordination with Collateral Agent. The Collateral Agent will promptly notify each Agent of each notice or other communication received by the Collateral Agent hereunder and/or deliver a copy thereof to such Agent. As to any matters not expressly provided for herein (including (i) the timing and methods of realization upon the Collateral, and (ii) the exercise of any power that the Collateral Agent may, but is not expressly required to, exercise under any Security Document), the Collateral Agent shall act or refrain from acting other than in accordance with written instructions from the Agents or, in the absence of such instructions, in accordance with its discretion (subject to the following provisions of this Article VIII).

(c) Rights and Powers as a Lender. The Person serving as the Collateral Agent shall, in its capacity as a Lender, have the same rights and powers as any other Lender and may exercise the same as though it were not the Collateral Agent. Such Person and its Affiliates may accept deposits from, lend money to and generally engage in any kind of business with the Borrower, any of its Subsidiaries or their respective Affiliates as if it were not the Collateral Agent hereunder.

(d) Limited Duties and Responsibilities. The Collateral Agent shall not have any duties or obligations under the Security Documents except those expressly set forth therein. Without limiting the generality of the foregoing, (a) the Collateral Agent shall not be subject to any fiduciary or other implied duties, regardless of whether an Event of Default has occurred and is continuing, (b) the Collateral Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except discretionary rights and powers expressly contemplated by the Security Documents that the Collateral Agent is required in writing to exercise by the Agents, and (c) except as expressly set forth in the Security Documents, the Collateral Agent shall not have any duty to disclose, and shall not be liable for any failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the bank serving as Collateral Agent or any of its Affiliates in any capacity. The Collateral Agent shall not be liable for any action taken or not taken by it with the consent or at the request of the Agents or in the absence of its own gross negligence or willful misconduct. The Collateral Agent shall not be responsible for the existence, genuineness or value of any Collateral or for the validity, perfection, priority or enforceability of any Lien, whether impaired by operation of law or by reason of any action or omission to act on its part under the Security Documents. The Collateral Agent shall be deemed not to have knowledge of any Event of Default unless and until written notice thereof is given to the Collateral Agent by the Borrower, any Subsidiary Guarantor, and Agent or a Lender, and the Collateral Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or

representation made in or in connection with any Security Document, (ii) the contents of any certificate, report or other document delivered thereunder or in connection therewith, (iii) the performance or observance of any of the covenants, agreements or other terms or conditions set forth in any Security Document, (iv) the validity, enforceability, effectiveness or genuineness of any Security Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in any Security Document.

(e) Authority to Rely on Certain Writings, Statements and Advice. The Collateral Agent shall be entitled to rely on, and shall not incur any liability for relying on, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed or sent by the proper Person. The Collateral Agent also may rely on any statement made to it orally or by telephone and believed by it to be made by the proper Person, and shall not incur any liability for relying thereon. The Collateral Agent may consult with legal counsel (who may be counsel for the Borrowers or any of their Subsidiaries), independent accountants and other experts selected by it, and shall not be liable for any action taken or not taken by it in accordance with the advice of any such counsel, accountant or expert.

(f) Sub-Agents and Affiliates. The Collateral Agent may perform any of its duties and exercise any of its rights and powers through one or more sub-agents appointed by it. The Collateral Agent and any such sub-agent may perform any of its duties and exercise any of its rights and powers through its Affiliates. The exculpatory provisions of Article VII and this Article VIII shall apply to any such sub-agent and to the Affiliates of the Collateral Agent and any such sub-agent.

(g) Information as to Secured Guarantees and Actions by Lenders. For all purposes of the Security Documents, including determining the amounts of the Secured Guarantees or whether any action has been taken under any Security Document, the Collateral Agent will be entitled to rely on information from (i) the Agents, and actions taken by them, (ii) any Lender (or any trustee, agent or similar representative designated pursuant to subsection (f) to supply such information) for information as to its Secured Guarantees and actions taken by it, to the extent that the Collateral Agent has not obtained such information from the foregoing sources, and (iii) the Borrower or any Subsidiary Guarantor, to the extent that the Collateral Agent has not obtained information from the foregoing sources.

(h) Refusal to Act. The Collateral Agent may refuse to act on any notice, consent, direction or instruction from either Agent or any agent, trustee or similar representative thereof that, in the Collateral Agent's opinion, (i) is contrary to law or the provisions of any Security Document, (ii) may expose the Collateral Agent to liability (unless the Collateral Agent shall have been indemnified, to its reasonable satisfaction, for such liability by the Lender), or (iii) is unduly prejudicial to the Agent or Lenders not joining in such notice, consent, direction or instruction.

(i) Resignation; Successor Collateral Agent. Subject to the appointment and acceptance of a successor Collateral Agent as provided in this subsection, the Collateral Agent may resign at any time by notifying the Agents and the Borrower. Upon acceptance of its appointment as Collateral Agent hereunder by a successor, such successor shall succeed to and

become vested with all the rights, powers, privileges and duties of the retiring Collateral Agent hereunder, and the retiring Collateral

Agent shall be discharged from its duties and obligations hereunder. The fees payable by the Borrowers to a successor Collateral Agent shall be the same as those payable to its predecessor unless otherwise agreed by the Borrowers and such successor. After the Collateral Agent's resignation hereunder, the provisions of Article VII and this Article VIII shall continue in effect for the benefit of such retiring Collateral Agent, its sub-agents and their respective Affiliates in respect of any actions taken or omitted to be taken by any of them while the retiring Collateral Agent was acting as Collateral Agent.

(j) Subject to 8.01(d), the Collateral Agent hereby agrees to be bound by the terms and provisions of all Loan Documents applicable to it.

ARTICLE IX

TERMINATION OF LIENS; RELEASE OF COLLATERAL

Section 9.01. Termination Of Liens; Release Of Collateral.

(a) The Liens granted by the Borrower, the Subsidiary Guarantors and the Trusts under this Agreement shall terminate upon the payment in full of the unpaid principal amount of all Loans, all accrued and unpaid interest thereon, and any other Obligations payable under the Loan Documents and the reduction of all outstanding Commitments to zero.

(b) The Liens granted by a Subsidiary Guarantor and any Trust in which it is the beneficiary under this Agreement shall terminate when its Secured Guarantee is released pursuant to Section 2(c) of the Guarantee and Collateral Agreement.

(c) Upon any termination of a Lien granted under a Security Document or release of Collateral, the Collateral Agent will, at the expense of the Borrower or the relevant Subsidiary Guarantor or Trust, promptly execute and deliver to such Borrower or Subsidiary Guarantor or Trust (or its designee) such documents as such Borrower or Subsidiary Guarantor or Trust shall reasonably request to evidence the termination of such Lien or the release of such Collateral, as the case may be.

(d) The Borrower and any Subsidiary Guarantor may sell, exchange, assign or otherwise dispose of any of the Aircraft or Engines in the ordinary course of business unless (i) doing so would violate a covenant in the Credit Agreements or (ii) the Loans shall have been accelerated pursuant to Section 8 of the Senior Credit Agreement and the Collateral Agent shall have notified the Borrower or such Subsidiary Guarantor that its right to do so is terminated, suspended or otherwise limited. If such sale is to a Person which is not the Borrower or one of its Subsidiaries, then concurrently with any sale or other disposition permitted by the foregoing sentence, the Liens created by the Security Documents on the assets sold or disposed of will cease immediately without any action by the Collateral Agent or any Lender and the Collateral Agent will, at the expense of the Borrower or the relevant Subsidiary Guarantor, promptly execute and deliver to such Borrower or Subsidiary Guarantor such documents as such Borrower

or Subsidiary Guarantor shall reasonably request to evidence the termination of such Lien on such assets.

ARTICLE X

THE BORROWER AND SUBSIDIARY GUARANTORS

Section 10.01. The Borrower hereby represents and warrants that the Subsidiary Guarantors listed on the signatures pages hereof represent all the Subsidiaries of the Borrower on the date hereof and that the Trusts listed on the signatures pages hereof represent all the Trusts on the date hereof. If any additional Subsidiary (including, without limitation, any Special Purpose Vehicle) or any Trust is formed or acquired after the date hereof, the Borrower will, within ten Business Days after such Subsidiary or Trust is formed or acquired, notify the Collateral Agent thereof and cause such Subsidiary or Trust to become a party hereto by signing and delivering to the Collateral Agent a Security Agreement Supplement, whereupon such Subsidiary or Trust shall become a "Subsidiary Guarantor" or "Trust", as the case may be, as defined herein.

ARTICLE XI

MISCELLANEOUS

Section 11.01. Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as set forth in Schedule 10.2 of the relevant Credit Agreement in the case of the Borrower and the Agents, as set forth in an administrative questionnaire delivered to the Agent in the case of the Lenders, as set forth below in respect of the Collateral Agent and as set forth next to the signature thereof or in the relevant Security Agreement Supplement in the case of any Subsidiary Guarantor or Trust, or such other address as may be hereafter notified by the respective parties hereto; provided that any notice, request or demand to or upon the Security Agent, the Agent or the Lenders shall not be effective until received. Collateral Agent's details are:

CALYON New York Branch
1301 Ave of the Americas
New York, NY 10019-6022
Attention: Brian Bolotin and Sandra Markovic
Facsimile: (212) 459-3180

Telephone: (212) 261-7669
E-mail: brian.bolotin@us.calyon.com and
sandra.markovic@us.calyon.com

Section 11.02. No Implied Waivers; Remedies Not Exclusive. No failure by the Collateral Agent or the Agents or any Lender to exercise, and no delay in exercising and no

course of dealing with respect to, any right or remedy shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Lender of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified herein and in each other are cumulative and are not exclusive of any other rights or remedies provided by law.

Section 11.03. Successors And Assigns. This Agreement is for the benefit of the Collateral Agent, the Agents and the Lenders. If all or any part of any Lenders' interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Subsidiary Guarantors and their successors and assigns.

Section 11.04. Amendments And Waivers. Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the parties hereto.

Section 11.05. Choice Of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

Section 11.06. Waiver Of Jury Trial. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY SECURITY DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 11.07. Severability. If any provision of any Security Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law (i) the other provisions of the Security Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent, the Agents and the Lenders in order to carry out the intentions of the parties thereto as nearly as may be possible, and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

Section 11.08. Collateral Agent Subject To Direction of Senior Agent.

(a) The Collateral Agent hereby covenants and agrees to serve as the Collateral Agent subject to the direction of the Agents in accordance herewith. Should the Collateral Agent fail or refuse to take or cause to be taken any action required or permitted to be taken or caused to be taken by it pursuant to this Agreement or any other Security Document, one or more of the Agents may take or cause to be taken such action consistently with the Loan Documents. At the request of any Agent, the Collateral Agent shall refrain from taking or causing to be taken any action permitted (but not required) to be taken or caused to be taken by it hereunder or under any other Loan Document. The Agents shall be entitled to all of the rights, remedies, benefits and protections granted to the Collateral Agent pursuant to this Agreement and the other Loan Documents to the same extent as granted herein or therein to the Collateral Agent. The provisions hereof are for the benefit of the Agents and the Lenders (subject to the last sentence of this Section) and may not be directly or indirectly modified without the prior written consent of each Agent. The foregoing shall apply notwithstanding anything to the contrary contained herein, in any other Security Document or otherwise. The Collateral Agent acknowledges that, for the purposes of the Loan Documents, it shall act solely at the direction of the Senior Agent until all Obligations related to the Senior Loans have been repaid and all Commitments have been terminated, and shall thereafter act at the direction of the Junior Agent, unless otherwise specifically provided for in the Loan Documents.

IN WITNESS WHEREOF, the parties hereto have caused this Security Agreement to be duly executed by their respective officers thereof duly authorized as of the day and year first above written.

AEROTURBINE, INC.,as Borrower

By: _____
Name:
Title:

AEROTURBINE CAPITAL CORP., as
Subsidiary Guarantor

By: _____
Name:
Title:

WELLS FARGO BANK NORTHWEST, NATIONAL ASSOCIATION, not in its individual capacity, but solely as owner trustee under the Trust Agreement relating to one Boeing B767-200 aircraft (MSN 22694)

By: _____
Name:
Title:

CALYON, NEW YORK BRANCH, as
Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

EXHIBIT A
TO
AIRCRAFT ASSET SECURITY
AGREEMENT

AIRCRAFT ASSET SECURITY AGREEMENT SUPPLEMENT

This SECURITY AGREEMENT SUPPLEMENT dated [ ] (herein called this "**Security Agreement Supplement**") of [Borrower/Subsidiary Guarantor/Trust to be specified] (the "Grantor").

W I T N E S S E T H:

WHEREAS, the AIRCRAFT ASSET SECURITY AGREEMENT dated as of April , 2006 (as amended and supplemented to the date hereof, the "**Security Agreement**") between AeroTurbine, Inc., the Subsidiary Guarantors and Trusts party thereto from time to time and CALYON New York Branch, as Collateral Agent (the "**Collateral Agent**"), provides for the execution and delivery of a supplement thereto substantially in the form hereof, which shall particularly describe the Eligible Equipment, and shall specifically mortgage such Aircraft Assets to the Collateral Agent; and

[Following clauses to be used to add Aircraft Assets]

[WHEREAS, this Security Agreement relates to the Aircraft Assets described below [, and a counterpart of this Security Agreement is attached hereto and made a part hereof] and this Security Agreement Supplement [, together with such counterpart of this Security Agreement,] is being filed for recordation on the date hereof with the FAA as one document];

NOW, THEREFORE, this Security Agreement Supplement witnesseth that the Grantor hereby confirms that the Lien of this Security Agreement on the Collateral covers all of the Grantor's right, title and interest in and to the following described property:

AIRFRAME

One airframe identified as follows:

Manufacturer	Model	FAA Registration Number	Manufacturer's Serial Number

together with all of the Grantor's right, title and interest in and to all Parts of whatever nature, whether now owned or hereinafter acquired and which are from time to time incorporated or installed in or attached to or, if required to be replaced in accordance with this Security Agreement, removed from (until replaced if required to be replaced in accordance with this Security Agreement) said airframe.

AIRCRAFT ENGINES [RELATED ENGINES]

aircraft engines, each such engine having 550 or more rated take-off horsepower or the equivalent thereof ["relating to" the above-referenced Airframe], identified as follows:

Manufacturer	Manufacturer's Model	Serial Number

together with all of the Grantor's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to any of such engines or, if required to be replaced in accordance with this Security Agreement, removed therefrom (until replaced if required to be replaced in accordance with this Security Agreement).]

AIRCRAFT ENGINES [NON-RELATED ENGINES]

aircraft engines, each such engine having 550 or more rated take-off horsepower or the equivalent thereof ["relating to" the above-referenced Airframe], identified as follows:

Manufacturer	Manufacturer's Model	Serial Number

together with all of the Grantor's right, title and interest in and to all Parts of whatever nature, whether now owned or hereafter acquired and which are from time to time incorporated or installed in or attached to any of such engines or, if required to be replaced in accordance with this Security Agreement, removed therefrom (until replaced if required to be replaced in accordance with this Security Agreement).]

TO HAVE AND TO HOLD all and singular the aforesaid property unto the Collateral Agent, its successors and assigns, in trust for the equal and proportionate benefit and security of the Lenders, without any preference, distinction or priority of any one Loan over any other by reason of priority of time of issue, sale, negotiation, date of maturity thereof or otherwise for any reason whatsoever, and for the uses and purposes and subject to the terms and provisions set forth in this Security Agreement.

This Security Agreement Supplement shall be construed as supplemental to this Security Agreement and shall form a part thereof. This Security Agreement is hereby incorporated by reference herein and is hereby ratified, approved and confirmed.]

[Following clauses to be used to add Subsidiary Guarantors or Trusts]

WHEREAS, the [Subsidiary Guarantor/Trust] desires to become a party to the Security Agreement as a [Subsidiary Guarantor/Trust] thereunder; and

WHEREAS, terms defined in the Security Agreement (or whose definitions are incorporated by reference in Section 1 of the Security Agreement) and not otherwise defined herein have, as used herein, the respective meanings provided for therein;

NOW, THEREFORE, in consideration of the foregoing and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

(a) Party to Security Agreement. Upon delivering this Security Agreement Supplement to the Collateral Agent, the

Subsidiary Guarantor will become a party to the Security Agreement and will thereafter have all the rights and obligations of a Subsidiary Guarantor and be bound by all the provisions thereof as fully as if the Subsidiary Guarantor were one of the original parties thereto.

(d) Address of [Subsidiary Guarantor/Trust]. The address, facsimile number and e-mail address of the [Subsidiary Guarantor/Trust] for purposes of Section 11.01 of the Security Agreement are:

[address, facsimile number and e-mail address of [Subsidiary Guarantor/Trust]

(e) Representations and Warranties. The [Subsidiary Guarantor][Trust] represents and warrants as follows:

(i) the Subsidiary Guarantor is a [corporation][trust] duly organized, validly existing and in good standing under the laws of [jurisdiction of organization];

(ii) the execution and delivery of this Security Agreement Supplement by the Subsidiary Guarantor and the performance by it of its obligations under the Security Agreement as supplemented hereby are within its [corporate or other] powers, have been duly authorized by all necessary [corporate or other] action, require no action by or in respect of, or filing with, any governmental body, agency or official (other than the as contemplated by Section 5.2 of the Senior Credit Agreement) and do not contravene, or constitute a default under, any provision of applicable law or regulation or of its organizational documents, or of any agreement, judgment, injunction, order, decree or other instrument binding upon it or result in the creation or imposition of any Lien on any of its assets; and

(iv) the Security Agreement as supplemented hereby constitutes a valid and binding agreement of the [Subsidiary Guarantor][Trust], enforceable in accordance with its terms, except as limited by (A) applicable bankruptcy, insolvency, fraudulent conveyance or other similar laws affecting creditors' rights generally and (B) general principles of equity.]

This Security Agreement Supplement is being delivered in the State of New York.

IN WITNESS WHEREOF, the Grantor has caused this Security Agreement Supplement to be duly executed by one of its officers, thereunto duly authorized, on the day and year first above written.

[GRANTOR]

By: _____
Name:
Title:

Exhibit 10.6

[Execution Copy]

SENIOR CREDIT AGREEMENT

dated as of April 26, 2006

among

AerCap AT, Inc.,
as Borrower
(to be merged with AeroTurbine, Inc. at Closing with AeroTurbine, Inc. to survive as the Borrower from and after the Closing),

The Several Lenders from Time to Time Parties Hereto,

CALYON New York Branch,
as Administrative Agent,

HSH Nordbank AG,
as Syndication Agent;

and

Wachovia Bank N.A.
and
National City Bank,
as Co-Documentation Agents

Calyon New York Branch,
as Lead Arranger and Bookrunner

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THIS SENIOR CREDIT AGREEMENT (this "**Agreement**"), dated as of April 26, 2006, among AerCap AT, Inc., a Delaware corporation (the "**Borrower**"), the several banks and other financial institutions or entities from time to time parties to this Agreement (the "**Lenders**"), CALYON New York Branch, as administrative agent for the Lenders as provided herein (the " **Administrative Agent**"), HSH Nordbank AG, as Syndication Agent; and Wachovia Bank N.A. and National City Bank, as Co-Documentation Agents.

The parties hereto hereby agree as follows:

Section 1. Definitions.

1.1 Defined Terms. As used in this Agreement, the terms listed in Appendix I or any Security Document shall have the respective meanings set forth in such Appendix or Security Document. Any reference in Appendix I to a Section, Annex, Schedule or Exhibit without designation as to the particular agreement to which the same relates shall be deemed a reference to the related Section, Annex, Schedule or Exhibit hereof or hereto, including any such Section, Annex, Schedule or Exhibit incorporated herein by reference.

1.2 Other Definitional Provisions. (a) Unless otherwise specified therein, all terms defined in this Agreement shall have the defined meanings when used in the other Loan Documents or any certificate or other document made or delivered pursuant hereto or thereto.

(b) As used herein and in the other Loan Documents, and any certificate or other document made or delivered pursuant hereto or thereto, (i) accounting terms relating to Borrower or any of its Subsidiaries not defined in Section 1.1 and accounting terms partly defined in Section 1.1, to the extent not defined, shall have the respective meanings given to them under GAAP, (ii) the words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation", (iii) the word "incur" shall be construed to mean incur, create, issue, assume, become liable in respect of or suffer to exist (and the words "incurred" and "incurrence" shall have correlative meanings), (iv) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, Capital Stock, securities, revenues, accounts, leasehold interests and contract rights, and (v) references to agreements or other Contractual Obligations shall, unless otherwise specified, be deemed to refer to such agreements or Contractual Obligations as amended, supplemented, restated or otherwise modified from time to time.

(c) The words "hereof", "herein" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any particular provision of this Agreement, and Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(d) The meanings given to terms defined herein shall be equally applicable to both the singular and plural forms of such terms.

Section 2. Amount and Terms of Commitments.

2.1 Term Commitments. Subject to the terms and conditions hereof, each Tranche A Term Lender severally agrees to make a term loan (a "**Tranche A Term Loan**") to the Borrower on the Closing Date in an amount not to exceed the amount of the Tranche A Term Commitment of such Lender.

2.2 Procedure for Term Loan Borrowing. The Borrower shall give the Administrative Agent irrevocable notice (which notice must be received by the Administrative Agent prior to 10:00 a.m., New York City time, one Business Day prior to the anticipated Closing Date) requesting that the Tranche A Term Lenders make the Tranche A Term Loans on the Closing Date and specifying the amount to be borrowed. Upon receipt of such notice the Administrative Agent shall promptly notify each Tranche A Term Lender thereof. Not later than 12:00 noon, New York City time, on the Closing Date each Tranche A Term Lender shall make available to the Administrative Agent at the Funding Office an amount in immediately available funds equal to the Tranche A Term Loan to be made by such Lender. The Administrative Agent shall credit the account of the Borrower on the books of such office of the Administrative Agent with the aggregate of the amounts made available to the Administrative Agent by the Tranche A Term Lenders in immediately available

funds.

2.3 Repayment of Tranche A Term Loans. The Tranche A Term Loan of each Tranche A Lender shall mature in 20 consecutive quarterly installments, each of which shall be in an amount equal to such Lender's Tranche A Term Percentage multiplied by the "Tranche A Quarterly Amortization Amount" specified on Annex A. The Borrower shall repay all outstanding Tranche A Term Loans on the Maturity Date.

2.4 Revolving Commitments. (a) Subject to the terms and conditions hereof, each Revolving Lender severally agrees to make revolving credit loans ("**Revolving Loans**") to the Borrower from time to time during the Revolving Commitment Period in an aggregate principal amount at any one time outstanding which does not exceed the amount of such Lender's Revolving Commitment. During the Revolving Commitment Period the Borrower may use the Revolving Commitments by borrowing, prepaying the Revolving Loans in whole or in part, and reborrowing, all in accordance with the terms and conditions hereof.

(b) Revolving Loans may be borrowed by the Borrower only in connection with its acquisition (or refinancing the acquisition) of Eligible Equipment or the refinancing of Returned Equipment (to the extent of any previous reduction in the Borrowing Base Value of such Returned Equipment pursuant to the proviso to Section 3.2(h)) and, in either case, the Revolving Loans made in respect thereof shall not exceed the Advance Rate therefor.

(c) The Borrower shall repay all outstanding Revolving Loans on the Maturity Date.

2.5 Procedure for Revolving Loan Borrowing. The Borrower may borrow under the Revolving Commitments during the Revolving Commitment Period on any Business Day, provided that the Administrative Agent shall have received a Notice of Borrowing prior to 12:00 Noon, New York City time, three Business Days (one Business Day during the Prime Rate

Period) prior to the requested Borrowing Date. Each borrowing under the Revolving Commitments shall be in an amount equal to not less than $500,000. Upon receipt of any such notice from the Borrower, the Administrative Agent shall promptly notify each Revolving Lender thereof. Each Revolving Lender will make the amount of its pro rata share of each borrowing available to the Administrative Agent for the account of the Borrower at the Funding Office prior to 12:00 Noon, New York City time, on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. Such borrowing will then be made available to the Borrower by the Administrative Agent crediting the account of the Borrower on the books of such office with the aggregate of the amounts made available to the Administrative Agent by the Revolving Lenders and in like funds as received by the Administrative Agent. The Borrower may, by notice given to the Administrative Agent (which notice may be given by telecopy or by email attaching a copy of a notice as a printable file) not later than 4:00 p.m., New York City time, on the initially requested Borrowing Date, postpone the Borrowing Date by not more than five Business Days, provided, that (i) all amounts received by the Administrative Agent with respect to the initially requested Borrowing Date shall be deposited in the Restricted Account, (ii) subject to the terms and conditions hereof, such amounts will be made available to the Borrower by the Administrative Agent on any day during such five Business Day period upon notice from the Borrower given to the Administrative Agent (which notice may be given by telecopy or by email attaching a copy of a notice as a printable file) not later than 10:00 a.m., New York City time, on the date requested, (iii) the Interest Period for such borrowing shall commence on the initially requested Borrowing Date and (iv) if the Borrower fails to borrow such amounts by the end of business on the fifth Business Day after the originally requested Borrowing Date, the Administrative Agent shall return such amounts to the respective Lenders on the next Business Day and the Borrower shall pay to the Administrative Agent, for distribution to the Lenders, interest on such funds at the LIBOR Rate (or, during the Prime Rate Period, at the Prime Rate) plus the applicable Margin (less any amounts earned with respect to such funds by the Administrative Agent pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) together with amounts payable under Section 2.15, if any.

2.6 Commitment Fees, etc. (a) The Borrower agrees to pay to the Administrative Agent for account of each Revolving Lender a commitment fee for the period from and including the date hereof to the Maturity Date (or, if earlier, the date the Revolving Loans shall have been paid in full and the Total Revolving Commitments shall have been reduced to zero or otherwise terminated), computed at the Commitment Fee Rate on the average daily amount of the Available Revolving Commitment of such Lender during the period for which payment is made, payable quarterly in arrears on each Quarterly Date and on the Maturity Date (or, if earlier, the date the Revolving Loans shall have been paid in full and the Total Revolving Commitments shall have been reduced to zero or otherwise terminated), commencing on the first of such dates to occur after the date hereof.

(b) The Borrower agrees to pay to Calyon New York Branch the fees in the amounts and on the dates specified in the Fee Letter.

2.7 Termination or Reduction of Revolving Commitments. The Borrower shall have the right, upon not less than three Business Days' notice to the Administrative Agent, to terminate the Total Revolving Commitments or, from time to time, to reduce the amount of the Total Revolving Commitments; provided that no such termination or reduction of Total

Revolving Commitments shall be permitted if, after giving effect thereto and to any prepayments of the Revolving Loans made on the effective date thereof, the aggregate outstanding amount of Revolving Loans would exceed the Total Revolving Commitments. Any such reduction shall be in an amount equal to $1,000,000, or a whole multiple thereof, and shall reduce permanently the Revolving Commitments then in effect on a pro-rata basis.

2.8 Optional Prepayments. The Borrower may at any time and from time to time prepay the Loans, in whole or in part, without premium or penalty except for the Prepayment Fee, upon revocable notice delivered to the Administrative Agent at least three Business Days prior thereto, in which notice shall specify the date and amount of prepayment; provided, that if a Loan is prepaid on any day other than the last day of the Interest Period applicable thereto, the Borrower shall also pay any amounts owing pursuant to Section 2.15. Upon receipt of any such notice the Administrative Agent shall promptly notify each relevant Lender thereof. If any such notice is given, the amount specified in such notice shall be due and payable on the date specified therein, together with accrued interest to such date on the amount prepaid and any Prepayment Fee, provided, however, that if the Borrower shall notify the Administrative Agent on or prior to 4:00 p.m., New York City time, on the date specified for the prepayment that the Borrower has revoked its election to prepay, the Borrower shall not be required to make such prepayment, provided, further, that if such notice is delivered to the Administrative Agent less than three Business Days prior to the date specified for prepayment, the Borrower shall pay to the Administrative Agent on demand any amounts payable under Section 2.15. For the avoidance of doubt if, after the expiration of the Prime Rate Period, such notice is delivered to the Administrative Agent less than three Business Days prior to the date specified for prepayment, "LIBOR" for such amount not prepaid for the remaining portion of the Interest Period commencing on the date of scheduled prepayment shall be the amount the Administrative Agent shall reasonably determine, in consultation with the Lenders, as the rate which compensates the Lenders for their cost of funding for such period. Partial prepayments of Tranche A Term Loans and Revolving Loans shall be in an aggregate principal amount of $1,000,000 or a whole multiple thereof.

2.9 Mandatory Prepayments and Commitment Reductions. (a) If, as at any Report Date, the aggregate outstanding principal amount of Revolving Loans and Tranche A Term Loans exceeds the Borrowing Base as at such date, the Borrower shall on the last day of the Interest Period including such Report Date prepay the Loans as provided in the succeeding sentence in such amount as shall allow the sum of the aggregate outstanding Revolving Loans and Tranche A Term Loans not to exceed the Borrowing Base. Amounts to be applied in connection with prepayments made pursuant to this Section 2.9(a) shall be applied, first, to the prepayment of the Revolving Loans, second, to the prepayment of the Tranche A Term Loans.

(b) All proceeds received with respect to the Key Man Insurance or the Key Man Guarantee shall be deposited in the Restricted Account and, on the earlier of the last day of the Interest Period during which such proceeds were received or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, such proceeds (or cash collateral deposited by the Borrower in the Restricted Account in lieu of the Key Man Guarantee and payable pursuant to the last sentence of Section 6(a)(i) of the Guarantee and Collateral Agreement) shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral

Agreement), first, to the prepayment of the Tranche A Term Loans, second, to the prepayment of the Revolving Loans and third to the prepayment of the Tranche B Term Loans. Any prepayment of the Revolving Loans pursuant to this Section 2.9(b) shall permanently reduce the Total Revolving Commitments by the amount of such prepayment.

(c) All Net Cash Proceeds received from any Recovery Event shall be deposited in the Restricted Account and, on the earlier of the last day of the Interest Period during which such Net Cash Proceeds were received or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) to the prepayment of the Revolving Loans and the Tranche A Term Loans on an Allocated Basis; provided, that, notwithstanding the foregoing, any such prepayment may be deferred until the aggregate Net Cash Proceeds of Recovery Events theretofore received (and as to which no prepayment has been made) exceeds $250,000.

(d) If, as at any date on which the Borrowing Base Value of an Aircraft Asset is reduced pursuant to the proviso to Section 3.2(h), the aggregate outstanding principal amount of Revolving Loans and Tranche A Term Loans exceeds the Borrowing Base as at such date, the Borrower shall, within five Business Days of such date deposit in the Restricted Account an amount equal to the difference between the Borrowing Base Value as of such date and the aggregate outstanding Revolving Loans and Tranche A Term Loans at that date and, on the earlier of the last day of the Interest Period during which such deposit was made or, at the election of the Borrower, on a date specified by the Borrower by notice delivered to the Administrative Agent at least three Business Days prior to such date, shall be applied (together with interest accrued thereon pursuant to Section 6(a)(iii) of the Guarantee and Collateral Agreement) first, to the prepayment of the Revolving Loans, second, to the prepayment of the Tranche A Term Loans.

(e) Each prepayment of the Loans under this Section 2.9 shall be accompanied by accrued interest to the date of such prepayment on the amount prepaid, together with amounts payable under Section 2.15 if such prepayment was made on a date other than the last day of an Interest Period, but without premium or penalty.

2.10 Interest Rates and Payment Dates. (a) Each Loan shall bear interest for each Interest Period with respect thereto at a rate per annum equal to the LIBOR Rate determined for such day plus the Applicable Margin, provided, that during the Interest Period ending July 15, 2006, each Loan shall bear interest for each day during the Prime Rate Period at a rate per annum equal to the Prime Rate determined for such day plus the Applicable Margin and for the remainder of such Interest Period, shall bear interest at a rate per annum equal to the LIBOR Rate determined for such day plus the Applicable Margin.

(b) (i) If all or a portion of the principal amount of any Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to in the case of the Loans, the rate that would otherwise be applicable thereto pursuant to the foregoing provisions of this Section plus 2% and (ii) if all or a portion of any interest payable on any Loan or any commitment fee or other

amount payable hereunder shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall bear interest at a rate per annum equal to the rate then applicable to Loans under the relevant Facility plus 2% (or, in the case of any such other amounts that do not relate to a particular Facility, the rate then applicable to Loans under the Revolving Facility plus 2%), in each case, with respect to clauses (i) and (ii) above, from the date of such non-payment until such amount is paid in full (as well after as before judgment).

(c) Interest shall be payable in arrears on May 15, 2006 and on each Interest Payment Date, provided that interest accruing pursuant to paragraph (b) of this Section shall be payable from time to time on demand.

2.11 Computation of Interest and Fees. (a) Interest and fees payable pursuant hereto shall be calculated on the basis of a 360-day year (a 365-day year during the Prime Rate Period) for the actual days elapsed. The Administrative Agent shall promptly notify the Borrower and the relevant Lenders of each determination of a LIBOR Rate.

(b) Each determination of an interest rate by the Administrative Agent pursuant to any provision of this Agreement shall be conclusive and binding on the Borrower and the Lenders in the absence of manifest error. The Administrative Agent shall, at the request of the Borrower, deliver to the Borrower a statement showing the quotations used by the Administrative Agent in determining any interest rate pursuant to Section 2.11(a).

2.12 Pro Rata Treatment and Payments. (a) Each payment by the Borrower on account of any commitment fee and any reduction of the Commitments of the Lenders shall be made to the Administrative Agent and the Administrative Agent shall distribute such payments to the Lenders pro rata according to their respective Revolving Percentage and Tranche A Term Percentages, as the case may be, of the relevant Lenders.

(b) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Tranche A Term Loans shall be made to the Administrative Agent and the Administrative Agent shall distribute such payments to the Lenders pro rata according to the respective outstanding principal amounts of the Tranche A Term Loans then held by the Tranche A Term Lenders. The amount of each principal prepayment of the Term Loans shall be applied to reduce the then remaining installments of the Tranche A Term Loans in inverse order of maturity. Amounts prepaid on account of the Term Loans may not be reborrowed.

(c) Each payment (including each prepayment) by the Borrower on account of principal of and interest on the Revolving Loans shall be made to the Administrative Agent and the Administrative Agent shall distribute such payments to the Lenders pro rata according to the respective outstanding principal amounts of the Revolving Loans then held by the Revolving Lenders.

(d) All payments (including prepayments) to be made by the Borrower hereunder, whether on account of principal, interest, fees or otherwise, shall be made without setoff or counterclaim and shall be made prior to 12:00 Noon, New York City time, on the due date thereof to the Administrative Agent, for the account of the Lenders, at the Funding Office,

in Dollars and in immediately available funds. The Administrative Agent shall distribute such payments to the Lenders promptly upon receipt in like funds as received. If any payment hereunder becomes due and payable on a day other than a Business Day, such payment shall be extended to the next succeeding Business Day unless the result of such extension would be to extend such payment into another calendar month, in which event such payment shall be made on the immediately preceding Business Day. In the case of any extension of any payment of principal pursuant to the preceding sentence, interest thereon shall be payable at the then applicable rate during such extension.

(e) Unless the Administrative Agent shall have been notified in writing by any Lender prior to a borrowing that such Lender will not make the amount that would constitute its share of such borrowing available to the Administrative Agent, the Administrative Agent may assume that such Lender is making such amount available to the Administrative Agent, and the Administrative Agent may, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such amount is not made available to the Administrative Agent by the required time on the Borrowing Date therefor, such Lender shall pay to the Administrative Agent, on demand, such amount with interest thereon at a rate equal to the daily average Federal Funds Effective Rate for the period until such Lender makes such amount immediately available to the Administrative Agent. A certificate of the Administrative Agent submitted to any Lender with respect to any amounts owing under this paragraph shall be conclusive in the absence of manifest error.

(f) Unless the Administrative Agent shall have been notified in writing by the Borrower prior to the date of any payment due to be made by the Borrower hereunder that the Borrower will not make such payment to the Administrative Agent, the Administrative Agent may assume that the Borrower is making such payment, and the Administrative Agent may, but shall not be required to, in reliance upon such assumption, make available to the Lenders their respective pro rata shares of a corresponding amount. If such payment is not made to the Administrative Agent by the Borrower within three Business Days after such due date, the Administrative Agent shall be entitled to recover, on demand, from each Lender to which any amount which was made available pursuant to the preceding sentence, such amount with interest thereon at the rate per annum equal to the daily average Federal Funds Effective Rate. Nothing herein shall be deemed to limit the rights of the Administrative Agent or any Lender against the Borrower.

2.13 Requirements of Law. (a) If the adoption of or any change in any Requirement of Law or in the interpretation or application thereof or compliance by any Lender with any request or directive (whether or not having the force of law) from any central

bank or other Governmental Authority made subsequent to the date hereof:

(i) shall subject any Lender to any Tax of any kind whatsoever with respect to this Agreement or any Loan made by it, or change the basis of taxation of payments to such Lender in respect thereof (except for Non-Excluded Taxes covered by Section 2.14 and changes in the rate of tax on the overall net income of such Lender);

(ii) shall impose, modify or hold applicable any reserve, special deposit, compulsory loan or similar requirement against assets held by, deposits or other

liabilities in or for the account of, advances, loans or other extensions of credit by, or any other acquisition of funds by, any office of such Lender; or

(iii) shall impose on such Lender any other condition;

and the result of any of the foregoing is to increase the cost to such Lender, by an amount that such Lender deems to be material, of making, converting into, continuing or maintaining Loans, or to reduce any amount receivable hereunder in respect thereof, then, in any such case, the Borrower shall promptly pay such Lender, upon its demand, any additional amounts necessary to compensate such Lender for such increased cost or reduced amount receivable. If any Lender becomes entitled to claim any additional amounts pursuant to this paragraph, it shall promptly notify the Borrower (with a copy to the Administrative Agent) (which notice shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof but not including any matters which that Lender regards as confidential in relation to its funding arrangements) of the event by reason of which it has become so entitled.

(b) If any Lender shall have determined that the adoption of or any change in any Requirement of Law regarding capital adequacy or in the interpretation or application thereof (including the implementation of regulations in respect of the capital adequacy regime commonly known as Basle II) or compliance by such Lender or any corporation controlling such Lender with any request or directive regarding capital adequacy (whether or not having the force of law) from any Governmental Authority made subsequent to the date hereof shall have the effect of reducing the rate of return on such Lender's or such corporation's capital as a consequence of its obligations hereunder to a level below that which such Lender or such corporation could have achieved but for such adoption, change or compliance (taking into consideration such Lender's or such corporation's policies with respect to capital adequacy) by an amount deemed by such Lender to be material, then from time to time, after submission by such Lender to the Borrower (with a copy to the Administrative Agent) of a written request therefor (which request shall be accompanied by a certificate setting forth the basis for such demand and a calculation of the amount thereof but not including any matters which that Lender regards as confidential in relation to its funding arrangements), the Borrower shall pay to such Lender such additional amount or amounts as will compensate such Lender or such corporation for such reduction.

(c) A certificate as to any additional amounts payable pursuant to this Section submitted by any Lender to the Borrower (with a copy to the Administrative Agent) shall be conclusive in the absence of manifest error. The obligations of the Borrower pursuant to this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

(d) Notwithstanding the foregoing, the Borrower shall not be required to compensate a Lender pursuant to this Section 2.13 for (i) any amounts incurred more than six months prior to the date that such Lender notifies the Borrower of such Lender's intention to claim compensation therefor; and provided further that, if the circumstances giving rise to such claim have a retroactive effect, then such six-month period shall be extended to include the period of such retroactive effect or (ii) any amounts incurred by such Lender as a result of a decline in the credit rating of such Lender.

2.14 Taxes. (a) All payments made by the Borrower under this Agreement shall be made free and clear of, and without deduction or withholding for or on account of, any Taxes, now or hereafter imposed, levied, collected, withheld or assessed by any Governmental Authority, excluding net income, net receipts, capital, franchise, net worth, or other similar "doing business" Taxes imposed on the Administrative Agent or any Lender as a result of a present or former connection between the Administrative Agent or such Lender and the jurisdiction of the Governmental Authority imposing such Tax or any political subdivision or taxing authority thereof or therein (other than any such connection arising solely from the Administrative Agent or such Lender having executed, delivered or performed its obligations or received a payment under, or enforced, this Agreement or any other Loan Document). If any such non-excluded Taxes, ("**Non-Excluded Taxes**") or Other Taxes are required to be withheld from any amounts payable to the Administrative Agent or any Lender hereunder, the amounts so payable to the Administrative Agent or such Lender shall be increased to the extent necessary to yield to the Administrative Agent or such Lender (after payment of all Non-Excluded Taxes and Other Taxes) interest or any such other amounts payable hereunder at the rates or in the amounts specified in this Agreement, provided, however, that the Borrower shall not be required to increase any such amounts payable to any Lender with respect to any Non-Excluded Taxes (i) to the extent imposed as a result of such Lender's failure to comply with the requirements of paragraph (d) or (e) of this Section 2.14 or (ii) that are United States withholding Taxes imposed on amounts payable to such Lender at the time such Lender becomes a party to this Agreement, except to the extent that such Lender's assignor (if any) was entitled, at the time of assignment, to receive additional amounts from the Borrower with respect to such Non-Excluded Taxes pursuant to this paragraph.

(b) In addition, the Borrower shall pay any and all Other Taxes to the relevant Governmental Authority in

accordance with applicable law, and shall indemnify the Administrative Agent and Lenders, on demand for any failure to do so.

(c) Whenever any Non-Excluded Taxes or Other Taxes are payable by the Borrower, as promptly as possible thereafter the Borrower shall send to the Administrative Agent for its own account or for the account of the relevant Lender, as the case may be, a certified copy of an original official receipt received by the Borrower showing payment thereof, if any, or other evidence of payment reasonably acceptable to such Person. If the Borrower fails to pay any Non-Excluded Taxes or Other Taxes when due to the appropriate Governmental Authority or fails to remit to the Administrative Agent the required receipts or other required documentary evidence, the Borrower shall indemnify the Administrative Agent and the Lenders on demand for any incremental Taxes, interest or penalties that may become payable by the Administrative Agent or the Lenders as a result of any such failure.

(d) Each Lender (or Transferee) that is not a "U.S. Person" as defined in Section 7701(a)(30) of the Code (a "**Non-U.S. Lender**") shall deliver to the Borrower and the Administrative Agent (or, in the case of a Participant, to the Lender from which the related participation shall have been purchased) two copies of either U.S. Internal Revenue Service Form W-8BEN, W-8ECI, W-8IMY (with appropriate documentation), or W-8EXP or, in the case of a Non-U.S. Lender claiming exemption from U.S. federal withholding Tax under Section 871(h) or 881(c) of the Code with respect to payments of "portfolio interest", a statement substantially in the form of Exhibit H and a Form W-8BEN, or any subsequent versions thereof

or successors thereto, properly completed and duly executed by such Non-U.S. Lender claiming complete exemption from, or a reduced rate of, U.S. federal withholding Tax on all payments by the Borrower under this Agreement. Such forms shall be delivered by each Non-U.S. Lender on or before the date it becomes a party to this Agreement (or, in the case of any Participant, on or before the date such Participant purchases the related participation). In addition, each Non-U.S. Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such Non-U.S. Lender. Each Non-U.S. Lender shall promptly notify the Borrower at any time it determines that it is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted by the U.S. Governmental Authorities for such purpose). Notwithstanding any other provision of this paragraph, a Non-U.S. Lender shall not be required to deliver any form pursuant to this paragraph that such Non-U.S. Lender is not legally able to deliver.

(e) At the reasonable request of the Borrower, each Lender that is entitled to an exemption from or reduction of non-U.S. withholding Tax under the law of any jurisdiction (other than the United States), or any treaty to which such jurisdiction is a party with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law or reasonably requested by the Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's sole judgment such completion, execution or submission would not prejudice the legal position of such Lender, including its lending office(s), or cause such Lender or its lending office(s) to suffer any economic, legal, or regulatory disadvantage.

(f) If a Lender actually receives a permanent benefit of a Tax credit or refund which the Borrower has paid or reimbursed such Lender pursuant to this Section 2.14 or if a Lender actually realizes an allowance of or deduction in Taxes as a result of any amount or additional amount paid by the Borrower pursuant to this Section 2.14, such Lender shall pay to the Borrower such refund or the amount of such reduction in Taxes, but only to the extent of the amounts paid by the Borrower pursuant to this Section 2.14 with respect to the Taxes, provided, however, (x) no Lender shall be obliged to disclose to the Borrower or any other Person information regarding its tax affairs or computations, or tax books or records, (y) the Borrower hereby acknowledges that the order and manner in which a Lender claims credits, refunds, allowances, and deductions available to it is a matter which will be determined in accordance with the Lender's taxation and accounting policies and practices and that any credits, refunds, allowances or deductions resulting from amounts or additional amounts paid pursuant to this Section 2.14 shall not receive any preferential treatments, and (z) no Lender shall be required to take any action which in its reasonable opinion would or may prejudice its ability to benefit from any other refund, credit, allowance or deduction to which it may be entitled.

(g) Where the Borrower has an obligation to indemnify or reimburse the Administrative Agent or a Lender for a Tax under this Section 2.14, the calculation of the amount payable by way of indemnity or reimbursement shall be based upon the Tax treatment in the hands of the Administrative Agent or such Lender (as determined by such Person acting in good faith) of the amount payable by way of indemnity or reimbursement and of the Tax in respect of which the amount is payable so as to leave the Administrative Agent or Lender, as the

case may be, in the same after-Tax position it would have been in had the payment made to such Person not given rise to a liability to Tax.

(h) The agreements in this Section shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.15 Indemnity. The Borrower agrees to indemnify each Lender for, and to hold each Lender harmless from, any loss or expense that such Lender may sustain or incur after the Prime Rate Period as a consequence of (a) failure by the Borrower to make a borrowing of Loans after the Borrower has given a notice requesting the same in accordance with the provisions of this Agreement, (b) failure by the Borrower to make any prepayment of Loans after the Borrower has given a notice thereof in accordance with the

provisions of this Agreement or (c) the making of a prepayment of Loans on a day that is not the last day of an Interest Period with respect thereto. Such indemnification may include an amount equal to the excess, if any, of (i) the amount of interest that would have accrued on the amount so prepaid, or not so borrowed, for the period from the date of such prepayment or of such failure to borrow, convert or continue to the last day of such Interest Period (or, in the case of a failure to borrow, convert or continue, the Interest Period that would have commenced on the date of such failure) in each case at the applicable rate of interest for such Loans provided for herein (excluding, however, the Applicable Margin included therein, if any) over (ii) the amount of interest (as reasonably determined by such Lender) that would have accrued to such Lender on such amount by placing such amount on deposit for a comparable period with leading banks in the London interbank market. A certificate as to any amounts payable pursuant to this Section submitted to the Borrower by any Lender shall be conclusive in the absence of manifest error. This covenant shall survive the termination of this Agreement and the payment of the Loans and all other amounts payable hereunder.

2.16 Change of Lending Office. Each Lender agrees that, upon the occurrence of any event giving rise to the operation of Section 2.13 or 2.14(a) with respect to such Lender, it will, if requested by the Borrower, use reasonable efforts to designate another lending office for any Loans affected by such event with the object of avoiding the consequences of such event or take such actions as the Borrower may reasonably request; provided, that no Lender shall be obligated to take any action that, in the sole judgment of such Lender, would cause such Lender and its lending office(s) to suffer any economic, legal or regulatory disadvantage, and provided, further, that nothing in this Section shall affect or postpone any of the obligations of the Borrower or the rights of any Lender pursuant to Section 2.13 or 2.14(a).

2.17 Replacement of Lenders. The Borrower shall be permitted to replace any Lender that (a) requests reimbursement for amounts owing pursuant to Section 2.13 or 2.14(a) or (b) defaults in its obligation to make Loans hereunder, with a replacement financial institution; provided that (i) such replacement does not conflict with any Requirement of Law, (ii) no Event of Default shall have occurred and be continuing at the time of such replacement, (iii) prior to any such replacement, such Lender shall have taken no action under Section 2.16 so as to eliminate the continued need for payment of amounts owing pursuant to Section 2.13 or 2.14(a), (iv) the replacement financial institution shall purchase, at par, all Loans and other amounts owing to such replaced Lender on or prior to the date of replacement, (v) the Borrower shall be liable to such replaced Lender under Section 2.15 if any Loan owing to such replaced Lender

shall be purchased other than on the last day of the Interest Period relating thereto, (vi) the replacement financial institution, if not already a Lender, shall be reasonably satisfactory to the Administrative Agent, (vii) the replaced Lender shall be obligated to make such replacement in accordance with the provisions of Section 10.6 (provided that the Borrower shall be obligated to pay the registration and processing fee referred to therein), (viii) until such time as such replacement shall be consummated, the Borrower shall pay all additional amounts (if any) required pursuant to Section 2.13 or 2.14(a), as the case may be, and (ix) any such replacement shall not be deemed to be a waiver of any rights that the Borrower, the Administrative Agent or any other Lender shall have against the replaced Lender.

Section 3. Borrowing Base.

3.1 Borrowing Base. As at any Report Date, the sum of (A) the aggregate outstanding principal amount of the Revolving Loans *plus* (B) the aggregate outstanding principal amount of the Tranche A Term Loans shall not exceed the Borrowing Base as of such Report Date; provided that, if such Loans exceed the Borrowing Base on a Report Date, such Loans shall be subject to prepayment as provided in Section 2.9(a) by such excess amount.

3.2 Borrowing Base Definitions.

(a) "**Acceptable Accounts Receivables**": as at the Closing Date and at any Quarterly Date, the accounts receivables of the Borrower and its Subsidiaries as at such date calculated in accordance with GAAP, excluding any such accounts receivables that (i) are more than 60 days past due or (ii) are from Aeropostal.

(b) "**Appraisal Value**": as at the Closing Date and at any Quarterly Date, the "current market value" (as such term is defined by the International Society of Transport Aircraft Trading (ISTAT)) of the Borrowing Base Assets (other than the accounts receivable) as determined by the Appraiser as of February 28, 2006 with respect to the Appraisal Value as at the Closing Date, and with respect to the Appraisal Value as at Quarterly Date, as of the last day of the previous month to such Quarterly Date. The Appraisal Value with respect to any Quarterly Date shall be calculated utilizing such physical assessments of such assets, maintenance status of such assets, current trading history and other methodologies as are consistent with the methodologies utilized to provide the Baseline Appraisal (provided, that, the appraisal with respect to the June Quarterly Date shall be a "desk-top" appraisal and physical assessments of such assets shall only be performed with respect to the December Quarterly Date) and shall be presented to the parties in an appraisal addressed to both the Borrower and the Administrative Agent.

(c) "**Appraiser**": SH&E, Inc., unless SH&E, Inc. becomes incapable of determining the Appraisal Value with a degree of care recognized in the industry, in which case, such other nationally recognized appraiser selected by the Borrower and not objected to by the Administrative Agent on an unreasonable basis.

(d) "**Baseline Appraisal**": the appraisal furnished by the Appraiser dated April 24, 2006 and addressed to the Borrower and the Administrative Agent.

(e) "**Borrowing Base**": as at the Closing Date and at any Quarterly Date, the sum of: (x) the aggregate of Borrowing Base Values of all Borrowing Base Assets, subject to the Borrowing Base Constraints, *plus* (y) the aggregate amount of sales proceeds from the disposition by the Borrower of Eligible Equipment and Eligible Inventory effected within six months of any date of calculation subject to: (i) such proceeds being in the Restricted Account and (ii) such proceeds not exceeding $20,000,000. The Borrowing Base as in effect immediately prior to reduction in the Borrowing Base Value for an Aircraft Asset pursuant to the proviso to Section 3.2(h) shall be reduced by the amount of such reduction and, on the date such Aircraft Asset ceases to be an Impaired Aircraft Asset or Lease Default Equipment shall be increased by the amount of any reduction in the Borrowing Base Value for such Aircraft Asset.

(f) "**Borrowing Base Assets**": the following categories of assets of the Borrower and its Subsidiaries:

(i) Acceptable Accounts Receivable;

(ii) Eligible Inventory; and

(iii) Eligible Equipment.

(g) "**Borrowing Base Constraints**": in determining the Borrowing Base, the following constraints shall be considered:

(i) Eligible Inventory located at vendors or consignees shall have a Borrowing Base Value of zero;

(ii) if the Eligible Equipment consists of any engine in overhaul (but not an engine sent out for testing preceding any agreement to commence an overhaul or an engine being overhauled by the Borrower or any of its Subsidiaries by its own personnel), such engine shall either be excluded as a Borrowing Base Asset or the estimated cost of the overhaul payable to the overhaul provider shall be deposited in the Restricted Account (which costs shall be subject to withdrawal as provided in Section 6(a) of the Guarantee and Collateral Agreement);

(iii) in respect of Eligible Equipment constituting whole aircraft that are in Advance Category 3, no more than 10% of the Borrowing Base (exclusive of the component thereof constituting Acceptable Accounts Receivables) may be attributable to such type of asset;

(iv) in order for any whole aircraft to be counted as Eligible Equipment (as compared to inventory constituting Eligible Equipment), such aircraft must either (i) be subject to an operating lease with a third party (not an Affiliate of the Borrower) or (ii) if not subject to such an operating lease, become subject to an operating lease within four months (or, such further period beyond such four months not to exceed another two months during which such aircraft is subject to a letter of intent (pursuant to which the prospective lessee has made a non-refundable deposit (in cash or by letter of credit issued by a commercial bank) equal to at least one month's rent, unless the Administrative Agent shall otherwise consent, such consent not to be unreasonably refused) to have it

become subject to such an operating lease); if a whole aircraft constituting Eligible Equipment does not satisfy the foregoing tests, it will be treated as Eligible Inventory; and

(v) no more than 50% of the Borrowing Base may be attributable to Eligible Inventory.

(h) "**Borrowing Base Value**" as at the Closing Date and at any Quarterly Date: for any Borrowing Base Asset owned by the Borrower or any of its Subsidiaries, a value determined as follows:

(i) in the case of Acceptable Accounts Receivables, 50% of the amount thereof;

(ii) in the case of each item of Eligible Inventory, the percentage of the Appraisal Value or Certified Value, as the case may be, of such item as specified in Annex C for the applicable Advance Category of such item;

(iii) in the case of each item of Eligible Equipment (other than whole aircraft), the percentage of the Appraisal Value or Certified Value, as the case may be, of such item as specified in Annex C for the applicable Advance Category of such item; and

(iv) in the case of each item of Eligible Equipment that is a whole aircraft, the lower of (x) the percentage of the Appraisal Value or Certified Value, as the case may be, and (y) the percentage of the acquisition cost, of such item as specified in Annex C for the applicable Advance Category of such item;

provided, that (x) in the case of any Aircraft Asset that constitutes Lease Default Equipment, but only for so long as it remains Lease Default Equipment, the Borrowing Base Value for such Aircraft Asset shall be:

(1) for the initial period of ninety days commencing on the date such Aircraft Asset became Lease Default Equipment, the Borrowing Base Value for such Aircraft Asset shall be the Borrowing Base Value (the "**Original Borrowing Base Value**") for such Aircraft Asset as of the Quarterly Date occurring on or immediately prior to the date such Aircraft Asset became Lease Default Equipment;

(2) for the 90 day period commencing immediately after the period referred to in clause (1) above, the Borrowing Base Value for such Aircraft Asset shall be two-thirds (2/3) of the Original Borrowing Base Value for such Aircraft Asset;

(3) for the 90 day period commencing immediately after the period referred to in clause (2) above, the Borrowing Base Value for such Aircraft Asset shall be one-third (1/3) of the Original Borrowing Base Value for such Aircraft Asset; and

(4) thereafter, the Borrowing Base Value for such Eligible Equipment shall be zero;

and (y) in the case of any Aircraft Asset that constitutes an Impaired Aircraft Asset, but only for so long as it remains an Impaired Aircraft Asset, the Borrowing Base Value for such Aircraft Asset shall be zero effective as of the date such Aircraft Asset became an Impaired Aircraft Asset.

In the case of the June and December Quarterly Dates, the Borrowing Base Value shall be adjusted to reflect any change in the Eligible Equipment or Eligible Inventory (e.g., sales, acquisitions and change in status) occurring between the date as of which the Appraisal Values were determined and the Quarterly Date.

(i) "**Certified Value**" of any item of Eligible Equipment or item of Eligible Inventory: the current market value of such item certified by the Borrower based on its good faith and best knowledge assessment of such item based on (i) in respect of non-traded Eligible Equipment and Eligible Inventory, the most recent Appraisal Value, and the Borrower's assessment of any changes in valuation based on asset purchases, sales and trading activity during the quarterly reporting period (ii) in respect of newly acquired Eligible Equipment and Eligible Inventory, the most recent Appraisal Value in respect of comparable equipment and the prices paid by it during such period in respect thereof and (iii) such other factors as the Borrower may reasonably consider to be relevant.

3.3 Borrowing Base Valuations.

(a) The Borrower shall deliver a Borrowing Base Report (in substantially the form of Exhibit K hereto, on the Closing Date and not later than 15 days after each Quarterly Date, which shall calculate the Borrowing Base, (i) in respect of the Closing Date by reference to the Appraisal Value with respect to the Closing Date, (ii) in respect of the Quarterly Dates in June and December of each year, by reference to the Appraisal Value with respect to such Quarterly Dates and (iii) in respect of the Quarterly Dates in September and March of each year, by reference to the Certified Value with respect to such Quarterly Dates.

(b) The Borrower will cooperate with the Appraiser in its due diligence associated with determining any Appraisal Value, and will provide to the Appraiser access to its facilities to determine the Appraisal Value during normal business hours and without any material interruption of the Borrower's business operations, as well as, on a timely basis, all relevant and necessary data required by the Appraiser to determine the Appraisal Value (including disc sheets, inspection reports and records, as applicable).

3.4 Requests to Add Additional Equipment Types. The Borrower may from time to time propose the inclusion of additional types of Aircraft Assets in Annex B and Annex C. Upon receipt of any such proposal, the Administrative Agent agrees to negotiate in good faith whether to add such additional types of Aircraft Assets, the respective Categories such Aircraft Assets would have on Annex B and the respective Borrowing Base Advance Rates for such Aircraft Assets in Annex C, it being understood that the inclusion of different types of Aircraft Assets

would require an amendment to this Agreement requiring the consent of the Lenders pursuant to Section 10.1.

Section 4. Representations and Warranties. To induce the Administrative Agent and the Lenders to enter into this Agreement and to make the Loans, the Borrower hereby represents and warrants to the Administrative Agent and each Lender that:

4.1 Financial Condition.

(a) The unaudited pro forma consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at March 31, 2006 (the "**Pro Forma Balance Sheet**"), copies of which have heretofore been furnished to the Administrative Agent, has been prepared giving effect (as if such events had occurred on such date) to (i) the consummation of the Acquisition, (ii) the Loans to be made on the Closing Date and the use of proceeds thereof and (iii) the payment of fees and expenses in connection with the foregoing. The Pro Forma Balance Sheet has been prepared based on the best information available to the Borrower as of the date of delivery thereof, and presents fairly on a pro forma basis the estimated financial position of Borrower and its consolidated Subsidiaries as at March 31, 2006, assuming that the events specified in the preceding sentence had actually occurred at such date.

(b) The audited consolidated balance sheet of AeroTurbine, Inc. as at December 31, 2004 and the related consolidated statements of income and of cash flows for the fiscal years ended on such dates, reported on by and accompanied by an unqualified report from KPMG, present fairly the consolidated financial condition of AeroTurbine as at such date, and the consolidated results of its operations and its consolidated cash flows for the respective fiscal years then ended. The unaudited consolidated balance

sheet of AeroTurbine as at September 30, 2005, and the related unaudited consolidated statements of income and cash flows for the nine-month period ended on such date, present fairly the consolidated financial condition of AeroTurbine as at such date, and the consolidated results of its operations and its consolidated cash flows for the nine-month period then ended (subject to normal year-end audit adjustments). All such financial statements have been prepared in accordance with GAAP applied consistently throughout the periods involved (except as approved by the aforementioned firm of accountants and disclosed therein). Neither AeroTurbine nor any of its Subsidiaries has any material Guarantee Obligations, contingent liabilities and liabilities for taxes, or any long-term leases or unusual forward or long-term commitments, including any interest rate or foreign currency swap or exchange transaction or other obligation in respect of derivatives, that are not reflected in the most recent financial statements referred to in this paragraph. Since the date of the Pro-Forma Balance Sheet there has been no Disposition by AeroTurbine or any of its Subsidiaries of any material part of its business or property.

4.2 No Change. Since the date of the Pro Forma Balance Sheet, there has been no development or event that has had or could reasonably be expected to have a Material Adverse Effect.

4.3 Existence; Compliance with Law. The Borrower and each of its Subsidiaries (a) is duly organized, validly existing and (if applicable) in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and

operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing (if applicable) under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification (except to the extent that the failure to be so qualified could not, in the aggregate, reasonably be expected to have a Material Adverse Effect) and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

4.4 Power; Authorization; Enforceable Obligations. The Borrower and each of its Subsidiaries has the power and authority, and the legal right, to make, deliver and perform the Loan Documents to which it is a party and, in the case of the Borrower, to obtain extensions of credit hereunder. The Borrower and each of its Subsidiaries has taken all necessary organizational action to authorize the execution, delivery and performance of the Loan Documents to which it is a party and, in the case of the Borrower, to authorize the extensions of credit on the terms and conditions of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the Acquisition and the extensions of credit hereunder or with the execution, delivery, performance, validity or enforceability of this Agreement or any of the Loan Documents, except (i) consents, authorizations, filings and notices described in Schedule 4.4, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect and (ii) the filings contemplated by Section 5. Each Loan Document has been duly executed and delivered on behalf of the Borrower and/or each of its Subsidiaries party thereto. This Agreement constitutes, and each other Loan Document upon execution will constitute, a legal, valid and binding obligation of the Borrower and each of its Subsidiaries party thereto, enforceable against each thereof in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law).

4.5 No Legal Bar. The execution, delivery and performance of this Agreement and the other Loan Documents, the borrowings hereunder and the use of the proceeds thereof will not violate any Requirement of Law or any Contractual Obligation of Borrower or any of its Subsidiaries and will not result in, or require, the creation or imposition of any Lien on any of their respective properties or revenues pursuant to any Requirement of Law or any such Contractual Obligation (other than the Liens created by the Security Documents). No Requirement of Law or Contractual Obligation applicable to the Borrower or any of its Subsidiaries could reasonably be expected to have a Material Adverse Effect.

4.6 Litigation. No litigation, investigation or proceeding of or before any arbitrator or Governmental Authority is pending or, to the knowledge of the Borrower, threatened by or against Borrower or any of its Subsidiaries or against any of their respective properties or revenues (a) with respect to any of the Loan Documents or any of the transactions contemplated hereby or thereby, or (b) that could reasonably be expected to have a Material Adverse Effect.

4.7 No Default. No Loan Party is in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing.

4.8 Ownership of Property; Liens. Schedule 4.8 lists all real property owned or leased by the Borrower or any of its Subsidiaries.

4.9 Intellectual Property. The Borrower and each of its Subsidiaries owns, or is licensed to use, all Intellectual Property necessary for the conduct of its business as currently conducted. No material claim has been asserted and is pending by any Person challenging or questioning the use of any Intellectual Property or the validity or effectiveness of any Intellectual Property, nor does the Borrower know of any valid basis for any such claim. The use of Intellectual Property by the Borrower and each of its Subsidiaries does not infringe on the rights of any Person in any material respect.

4.10 Taxes. The Borrower and each of its Subsidiaries has filed or caused to be filed all Federal, state and other material Tax returns that are required to be filed and has paid all Taxes shown to be due and payable on said returns or on any assessments made against it or any of its property and all other Taxes, fees or other charges imposed on it or any of its property by any Governmental Authority (other than any the amount or validity of which are currently being contested in good faith by appropriate proceedings and with respect to which reserves in conformity with GAAP have been provided on the books of the relevant Loan Party); and, to the knowledge of the Borrower, no Tax lien has been filed and no claim is being asserted, with respect to any such Tax, fee or other charge.

4.11 Federal Regulations. No part of the proceeds of any Loans, and no other extensions of credit hereunder, will be used for "buying" or "carrying" any "margin stock" within the respective meanings of each of the quoted terms under Regulation U as now and from time to time hereafter in effect or for any purpose that violates the provisions of the Regulations of the Board. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form G-3 or FR Form U-1, as applicable, referred to in Regulation U.

4.12 Labor Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect: (a) there are no strikes or other labor disputes against Borrower or any of its Subsidiaries pending or, to the knowledge of the Borrower, threatened; (b) hours worked by and payment made to employees of the Borrower and each of its Subsidiaries have not been in violation of the Fair Labor Standards Act or any other applicable Requirement of Law dealing with such matters; and (c) all payments due from Borrower or any of its Subsidiaries on account of employee health and welfare insurance have been paid or accrued as a liability on the books of the relevant Loan Party.

4.13 ERISA. Neither a Reportable Event nor an "accumulated funding deficiency" (within the meaning of Section 412 of the Code or Section 302 of ERISA) has occurred during the five-year period prior to the date on which this representation is made or deemed made with respect to any Plan, and each Plan has complied in all material respects with the applicable

provisions of ERISA and the Code. No termination of a Single Employer Plan has occurred, and no Lien in favor of the PBGC or a Plan has arisen, during such five-year period. The present value of all accrued benefits under each Single Employer Plan (based on those assumptions used to fund such Plans) did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the value of the assets of such Plan allocable to such accrued benefits by a material amount. Neither the Borrower nor any Commonly Controlled Entity has had a complete or partial withdrawal from any Multiemployer Plan that has resulted or could reasonably be expected to result in a material liability under ERISA, and neither the Borrower nor any Commonly Controlled Entity would become subject to any material liability under ERISA if the Borrower or any such Commonly Controlled Entity were to withdraw completely from all Multiemployer Plans as of the valuation date most closely preceding the date on which this representation is made or deemed made. No such Multiemployer Plan is in Reorganization or Insolvent.

4.14 Investment Company Act; Other Regulations. Neither the Borrower nor any of its Subsidiaries is an "investment company", or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended. No Loan Party is subject to regulation under any Requirement of Law (other than Regulation X of the Board) that limits its ability to incur Indebtedness.

4.15 Subsidiaries. Except for Subsidiaries created after the Closing Date which have become parties to the Guarantee and Collateral Agreement and the Aircraft Asset Security Agreement as provided therein ("**New Subsidiaries**"): (a) Schedule 4.15 sets forth the name and jurisdiction of incorporation of each Subsidiary; and, as to each such Subsidiary and each New Subsidiary, the Borrower owns 100% of each class of Capital Stock issued thereby; and (b) there are no outstanding subscriptions, options, warrants, calls, rights or other agreements or commitments (other than stock options granted to employees or directors and directors' qualifying shares) of any nature relating to any Capital Stock of the Borrower or any such Subsidiary, except as created by the Loan Documents.

4.16 Use of Proceeds. The proceeds of the Term Loans shall be used to finance a portion of the Acquisition and the repayment of the Wachovia Credit Facility. The proceeds of the Revolving Loans shall be used to acquire (or refinance the acquisition cost of) Eligible Equipment or refinance Returned Equipment. The Borrower is the ultimate beneficiary of the Loans being made under this Agreement.

4.17 Environmental Matters. Except as, in the aggregate, could not reasonably be expected to have a Material Adverse Effect:

(a) the facilities and properties owned, leased or operated by Borrower or any of its Subsidiaries (the "Properties") do not contain, and have not previously contained, any Materials of Environmental Concern in amounts or concentrations or under circumstances that constitute or constituted a violation of, or could give rise to liability under, any Environmental Law;

(b) no Loan Party has received or is aware of any notice of violation, alleged violation, non-compliance, liability or potential liability regarding environmental matters or

compliance with Environmental Laws with regard to any of the Properties or the business operated by Borrower or any of its Subsidiaries (the "Business"), nor does the Borrower have knowledge or reason to believe that any such notice will be received or is being threatened;

(c) Materials of Environmental Concern have not been transported or disposed of from the Properties in violation of, or in a manner or to a location that could give rise to liability under, any Environmental Law, nor have any Materials of Environmental Concern been generated, treated, stored or disposed of at, on or under any of the Properties in violation of, or in a manner that could give rise to liability under, any applicable Environmental Law;

(d) no judicial proceeding or governmental or administrative action is pending or, to the knowledge of the Borrower, threatened, under any Environmental Law to which Borrower or any of its Subsidiaries is or will be named as a party with respect to the Properties or the Business, nor are there any consent decrees or other decrees, consent orders, administrative orders or other orders, or other administrative or judicial requirements outstanding under any Environmental Law with respect to the Properties or the Business;

(e) there has been no release or threat of release of Materials of Environmental Concern at or from the Properties, or arising from or related to the operations of Borrower or any of its Subsidiaries in connection with the Properties or otherwise in connection with the Business, in violation of or in amounts or in a manner that could give rise to liability under Environmental Laws;

(f) the Properties and all operations at the Properties are in compliance, and have in the last five years been in compliance, with all applicable Environmental Laws, and there is no contamination at, under or about the Properties or violation of any Environmental Law with respect to the Properties or the Business; and

(g) no Loan Party has assumed any liability of any other Person under Environmental Laws.

4.18 Accuracy of Information, etc. No representation or warranty contained in this Agreement or any other Loan Document or any other document or certificate furnished by or on behalf of Borrower or any of its Subsidiaries to the Administrative Agent or the Lenders, or any of them, for use in connection with the transactions contemplated by this Agreement or the other Loan Documents, taken as a whole, contained as of the date such statement, information, document or certificate was so furnished, any untrue statement of a material fact or omitted to state a material fact necessary to make the statements contained herein or therein, in light of the circumstances under which they were made, not misleading. The projections and pro forma financial information contained in the materials referenced above are based upon good faith estimates and assumptions believed by management of the Borrower to be reasonable at the time made, it being recognized by the Lenders that such financial information as it relates to future events is not to be viewed as fact and that actual results during the period or periods covered by such financial information may differ from the projected results set forth therein by a material amount. As of the date hereof, the representations and warranties of the Borrower contained in the Acquisition Documentation are true and correct in all material respects.

4.19 Security Documents.

(a) The Security Documents are effective to create in favor of the Collateral Administrative Agent, for the benefit of the Lenders, the security interests in the Collateral purported to be created thereby, with such priority and perfected as provided in the Loan Documents.

(b) Schedule 4.19(a) lists all Aircraft Assets and all Aircraft Asset Leases owned by the Borrower or any Subsidiary.

(c) Schedule 4.19(b) lists each location at which the Borrower or any Subsidiary maintains or stores Eligible Equipment (other than any such Equipment subject to an Aircraft Asset Lease) or Eligible Inventory having a aggregate value at any one location of in excess of $1,000,000.

(d) Schedule 4.19(c) lists each bank account or investment account maintained by the Borrower or any of its Subsidiaries;

(e) Schedule 4.19(d) lists all Intellectual Property owned by the Borrower or any of its Subsidiaries.

(f) Notwithstanding the foregoing provisions of this Section 4.19, no representation is made under this Section 4 as to any Exempted Property.

4.20 Solvency. The Borrower and each Subsidiary thereof is, and after giving effect to the Acquisition and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be Solvent.

4.21 Certain Documents. The Borrower has delivered to the Administrative Agent a complete and correct copy of the Acquisition Documentation, including any amendments, supplements or modifications with respect to any of the foregoing.

4.22 Employment Arrangements. The Borrower has delivered to the Administrative Agent a complete and correct copy of all employment contracts to which the Borrower is a party, a list of which is on Schedule 4.22.

Section 5. Conditions Precedent.

5.1 Conditions to Initial Loans. The agreement of each Lender to make the Senior Loans requested to be made by it is subject to the satisfaction, prior to or concurrently with the making of such Loans on the Closing Date, of the following conditions precedent:

(a) Loan Documents. The Administrative Agent shall have received the following documents, each duly executed and delivered by the intended parties thereto:

(i) this Agreement;

(ii) the Guarantee and Collateral Agreement;

(iii) the Aircraft Asset Security Agreement;

(iv) the Pledge Agreement;

(v) the Account Control Agreement;

(vi) the Intercreditor Agreement; ; and

(vii) the Fee Letter.

(b) Acquisition, etc. The Administrative Agent shall have received evidence, in each case on terms and conditions reasonably satisfactory to the Administrative Agent, that, prior to or concurrently with the making of such Loans on the Closing Date:

(i) the Borrower shall have acquired all of the Capital Stock of AeroTurbine pursuant to the Acquisition Documentation (the "**Acquisition**");

(ii) the Minimum Equity Contribution shall have been contributed by Pledgor to the Borrower;

(iii) the Borrower shall have been merged into AeroTurbine with AeroTurbine being the surviving corporation and after giving effect to such merger, (x) all of the Capital Stock of AeroTurbine will be owned directly or indirectly by AerCap B.V. and (y) AeroTurbine shall have succeeded as a matter of law to all of the Borrower's rights and obligations, including its obligations under the Loan Documents. AeroTurbine shall have confirmed in writing that it is obligated under each of the Loan Documents with the same force and effect as if AeroTurbine had been named therein as the "Borrower";

(iv) (i) the existing Wachovia Credit Facility shall have been terminated and all amounts thereunder shall have been paid in full and (ii) satisfactory arrangements shall have been made for the termination of all Liens granted in connection therewith; and

(v) the Borrower shall be in compliance with the financial condition covenants of Section 7.1(a) and 7.1(b), as evidenced by a Compliance Certificate of a Responsible Officer in the form of Exhibit B.

(c) Pro Forma Balance Sheet; Financial Statements, Baseline Appraisal, etc. The Administrative Agent shall have received: (i) the Pro Forma Balance Sheet and the audited consolidated financial statements and unaudited interim consolidated financial statements referred to in Section 4.1(a), (ii) the Baseline Appraisal and (iii) the Borrowing Base Report with respect to the Closing Date.

(d) Approvals. All governmental and third party approvals (including landlords' and other consents) necessary in connection with the Acquisition, the continuing operations of the Borrower and the transactions contemplated hereby shall have been obtained and be in full force and effect, and all applicable waiting periods shall have expired without any

action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the Acquisition or the financing contemplated hereby.

(e) Lien Searches. The Administrative Agent shall have received the results of the following lien searches: (i) a UCC lien search for the state in which the Borrower and each of its Subsidiaries is "located" within the meaning of Section 9-307 of the Uniform Commercial Code with respect to the Borrower and each of its Subsidiaries; (ii) an International Registry Search with respect to each Aircraft Asset; (iii) an FAA search with respect to each Aircraft Asset and (iv) a Federal tax lien search with respect to the Borrower and each of its Subsidiaries, in each case revealing no Liens on any of the assets of the Borrower or any of its Subsidiaries except for Permitted Liens or Liens which have been (or will be) discharged on or before the Closing Date pursuant to documentation reasonably satisfactory to the Administrative Agent.

(f) Environmental Audit. The Administrative Agent shall have received an environmental audit with respect to the real properties of the Borrower and its Subsidiaries specified by the Administrative Agent.

(g) Fees. The Lenders and the Administrative Agent shall have received all fees required to be paid, and all expenses for which invoices have been presented (including the reasonable fees and expenses of legal counsel), on or before the Closing Date. All such amounts will be paid with proceeds of Loans made on the Closing Date and will be reflected in the funding instructions

given by the Borrower to the Administrative Agent on or before the Closing Date.

(h) Closing Certificates. The Administrative Agent shall have received such documents and certificates as the Administrative Agent or its counsel may reasonably request relating to the organization, existence and good standing (if applicable) of the Borrower and each of its Subsidiaries, the authorization of the transactions contemplated hereby, all in form and substance reasonably satisfactory to the Administrative Agent and its counsel. The Administrative Agent shall have also received a certificate, dated the Closing Date and signed by the President, a Vice President or a Financial Officer of the Borrower confirming compliance with the conditions set forth in paragraphs (a) and (b) of Section 5.2.

(i) Legal Opinions. The Administrative Agent shall have received the following executed legal opinions:

(i) the legal opinion of Milbank, Tweed, Hadley & McCloy, special counsel to the Pledgor, the Borrower and its Subsidiaries, in form and substance reasonably satisfactory to the Administrative Agent and its counsel;

(ii) the legal opinion of Vedder, Price, Kaufman & Kammholz, special counsel to the Administrative Agent, in form and substance reasonably satisfactory to the Administrative Agent;

(iii) the legal opinion of McAfee & Taft, special FAA counsel, in form and substance reasonably satisfactory to the Administrative Agent and its counsel;

(iv) the legal opinion of the General Counsel to the Borrower, in form and substance reasonably satisfactory to the Administrative Agent and its counsel; and

(v) the legal opinion of, Loyens & Loeff N.V., special counsel in the Netherlands;

in each case in form and substance reasonably satisfactory to the Administrative Agent and its counsel.

(j) Pledged Stock; Stock Powers. The Administrative Agent shall have received the certificates representing the shares of Capital Stock pledged pursuant to the Pledge Agreement and the Guarantee and Collateral Agreement, together with an undated stock power for each such certificate executed in blank by a duly authorized officer of the pledgor thereof.

(k) Lien waivers, Assignment of Real Estate Leases. With respect to each lease of real estate listed in Schedule 4.19(b), (i) the Borrower shall have assigned the lease of the Borrower's Miami, Florida premises to the Administrative Agent as collateral pursuant to a Collateral Lease Assignment and (ii) the Borrower shall have obtained from each Person with any interest in the Borrower's Miami, Florida facilities and its Roswell, New Mexico facilities (with respect to the Roswell, New Mexico facilities, within 180 days of the Closing Date using commercially reasonable efforts) (whether as fee owner, landlord, tenant, ground lessor, mortgagee, leasehold mortgagee, beneficiary of deed of trust, beneficiary of leasehold deed of trust or otherwise), a waiver of any and all right or interest that such Person may otherwise have in the inventory and other Collateral and such Person's consent, if applicable, to access by the Administrative Agent or its representative to the premises in connection with the exercise of any rights or remedies under or pursuant to the Security Documents pursuant to a Landlord Consent and such assignments and such Landlord Consent, to the extent the relevant real estate lease has been filed, registered or recorded, shall have been filed, registered or recorded in the appropriate real estate registry.

(l) Filings, Registrations and Recordings (Generally). Each document (including any Uniform Commercial Code financing statement) required by the Security Documents or under law or reasonably requested by the Administrative Agent to be filed, registered or recorded in order to create in favor of the Administrative Agent, for the benefit of the Lenders, a perfected Lien on the Collateral described therein, prior and superior in right to any other Person (other than with respect to Permitted Liens), shall be in proper form for filing, registration or recordation.

(m) Filings, Registrations and Recordings (Aircraft Assets). The following statements shall be true, and the Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to Aircraft Assets which are eligible for registration with the International Registry, a printout of the "priority search certificate" from the International Registry relating to such Aircraft Assets) with respect to each Aircraft Asset and any related Aircraft Asset Lease so acquired to the effect that:

(i) the Borrower or the applicable Subsidiary has good title to such Aircraft Asset and Aircraft Asset Lease, free and clear of Liens other than Permitted

Liens, the mortgage, security and international interests created by the Aircraft Asset Security Agreement and the Aircraft Asset Security Agreement Supplement for such Aircraft Asset and Aircraft Asset Lease;

(ii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), the Borrower is in compliance with Section 2.02 of the Aircraft Asset Security Agreement and, if required by Section 2.02 of the Aircraft Asset Security Agreement, has delivered an opinion referred to in Section 2.02(d) of the Aircraft Asset Security Agreement with respect to such Aircraft Assets (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Closing Date); and

(iii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), the Borrower is in compliance with the provisions of Section 2.04(c) of the Aircraft Asset Security Agreement (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Closing Date).

In the event (i) it is not reasonably feasible to file "international interests" anticipated pursuant to Sections 2.02 and 2.04 of the Aircraft Asset Security Agreement, the Borrower shall be deemed in compliance with this clause (m) if "prospective international interests" with respect to such "international interests", if feasible, are filed, (ii) a Deregistration Power of Attorney or Lessee Consent to Assignment of the type referred to in clause (b) of the definition thereof, in either case, required by Section 2.02 or 2.04 of the Aircraft Asset Security Agreement cannot be obtained on or prior to the Closing Date, the Borrower shall obtain such Deregistration Power of Attorney or Lessee Consent to Assignment, as the case may be, within 45 days after the Closing Date, except that, no such filing of "international interests", Deregistration Power of Attorney or Lessee Consent to Assignment shall be required with respect to those aircraft leased to Aeropostal Alas De Venezuela, C.A. and (iii) the mortgage and assignment of lease required to be filed in Tunis with respect to that certain A320-211 aircraft (msn. 025) leased to Nouvelair Tunis cannot be filed prior to the Closing Date, such mortgage and assignment of lease shall be filed promptly, and in any event within ten Business Days, after the Closing Date.

(n) Solvency Certificate. The Administrative Agent shall have received a certificate from the Chief Financial Officer of the Borrower that the Borrower and each Subsidiary thereof is, and after giving effect to the Acquisition and the incurrence of all Indebtedness and obligations being incurred in connection herewith and therewith will be, Solvent.

(o) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 6.5 hereof and Section 2.07 of the Aircraft Asset Security Agreement in respect of each Aircraft Asset subject to the Aircraft Asset Security Agreement Supplement delivered on the date hereof.

(p) Key Man Insurance. The Administrative Agent shall have received valid assignments of the Key Man Insurance polices in effect on the Closing Date and promptly after

the Closing Date the Borrower shall obtain the consent or acknowledgement to such assignments from the insurers issuing such policies.

(q) Interest Rate Protection. The Borrower shall have entered into the Calyon Hedge Agreement.

(r) Employment Arrangements. The Administrative Agent shall have been furnished with the employment contracts and arrangements in respect of "key" employees of the Borrower under Section 4.22.

(s) Junior Loans. The Closing Date of the Junior Credit Agreement shall have occurred and, prior to or concurrently with the making of such Loans on the Closing Date, the Junior Lenders shall have disbursed to or for account of the Borrower.

(t) Know Your Customer. The Administrative Agent shall have received such other documents or information as the Administrative Agent may reasonably request in order to satisfy the "know your customer" rules, guidelines, practices or policies observed by the Lenders.

5.2 Conditions to Each Loan. The agreement of each Lender to make a Revolving Loan requested to be made by it on any date (including its initial Loan as pertains to clauses (a) and (b) below only) is subject to the satisfaction of the following conditions precedent:

(a) Representations and Warranties. Each of the representations and warranties made by Borrower in Section 4 of this Agreement shall be true and correct on and as of such date as if made on and as of such date; provided that, except for the extension of credit made on the Closing Date, such representations and warranties shall not include those contained in Sections 4.2, 4.6, 4.12 or 4.17.

(b) No Default. No Default or Event of Default shall have occurred and be continuing on such date or after giving effect to the extensions of credit requested to be made on such date.

(c) Notice of Borrowing. The Administrative Agent shall have received from the Borrower the Notice of Borrowing therefor, duly completed and with all attachments, together with such other evidence as to the Purchase Price of the associated Eligible Equipment or Eligible Inventory as the Administrative Agent may reasonably request.

(d) Equity Contribution. The Administrative Agent shall have received from the Borrower evidence reasonably satisfactory to the Administrative Agent of the Borrower's provision of the balance of the Purchase Price for the associated Eligible Equipment or Eligible Inventory not attributable to the related Revolving Loan.

(e) Insurance. The Administrative Agent shall have received insurance certificates satisfying the requirements of Section 2.07 of the Aircraft Asset Security Agreement in respect of each Aircraft Asset subject to the Aircraft Asset Security Agreement Supplement delivered on such date.

(f) Aircraft Asset Security Agreement Supplement. The Administrative Agent shall have received from the Borrower a duly executed Aircraft Asset Security Agreement Supplement in respect of any Aircraft Asset and Assignment of Lease in respect of any Aircraft Asset Lease being acquired with the proceeds of such Revolving Loan.

(g) Filings, Registrations and Recordings (Aircraft Assets). In the case of any Aircraft Asset intended to be acquired with the proceeds of such Revolving Loan, the following statements shall be true, and the Administrative Agent shall have received evidence reasonably satisfactory to it (including, with respect to Aircraft Assets which are eligible for registration with the International Registry, a printout of the "priority search certificate" from the International Registry relating to such Aircraft Assets) with respect to each Aircraft Asset and any related Aircraft Asset Lease so acquired to the effect that:

(i) the Borrower or the applicable Subsidiary has good title to such Aircraft Asset and Aircraft Asset Lease, free and clear of Liens other than Permitted Liens, the mortgage, security and international interests created by the Aircraft Asset Security Agreement and the Aircraft Asset Security Agreement Supplement for such Aircraft Asset and Aircraft Asset Lease;

(ii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), the Borrower is in compliance with Section 2.02 of the Aircraft Asset Security Agreement and, if required by Section 2.02 of the Aircraft Asset Security Agreement, has delivered an opinion referred to in Section 2.02(d) of the Aircraft Asset Security Agreement with respect to such Aircraft Assets (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Borrowing Date); and

(iii) with respect to each Aircraft Asset (other than an Aircraft Asset which is an Exempted Property), in respect of any Aircraft Asset Lease, the Borrower is in compliance with the provisions of Section 2.04(c) of the Aircraft Asset Security Agreement (provided, that any Lessee Consent to Assignment pursuant to clause (b) of the definition thereof shall not be required to be delivered on the Borrowing Date).

In the event (i) it is not reasonably feasible to file "international interests" anticipated pursuant to Sections 2.02 and 2.04 of the Aircraft Asset Security Agreement, the Borrower shall be deemed in compliance with this clause (g) if "prospective international interests" with respect to such "international interests", if reasonably feasible, are filed and (ii) a Deregistration Power of Attorney or Lessee Consent to Assignment of the type referred to in clause (b) of the definition thereof, in either case, required by Section 2.02 or 2.04 of the Aircraft Asset Security Agreement cannot be obtained on or prior to the date of borrowing, the Borrower shall obtain such Deregistration Power of Attorney or Lessee Consent to Assignment, as the case may be, within 45 days after the Borrowing Date.

Section 6. Affirmative Covenants. The Borrower hereby agrees that, so long as the Commitments remain in effect or any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall, and shall cause each of its Subsidiaries, to:

6.1 Financial Statements. Furnish to the Administrative Agent on behalf of the Lenders:

(a) as soon as available, but in any event within 120 days (or, in the case of the fiscal year ending December 31, 2005, by June 15, 2006) after the end of each fiscal year of the Borrower, a copy of the audited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such year and the related audited consolidated statements of income and of cash flows for such year, setting forth in each case in comparative form the figures for the previous year, reported on without a "going concern" or like qualification or exception, or qualification arising out of the scope of the audit, by KPMG, Price Waterhouse Coopers or other independent certified public accountants of nationally recognized standing;

(b) as soon as available, but in any event not later than 90 days after the end of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such fiscal year and the related unaudited consolidated statements of income and of cash flows for such fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year; and

(c) as soon as available, but in any event not later than 45 days after the end of each of the first three quarterly periods of each fiscal year of the Borrower, the unaudited consolidated balance sheet of the Borrower and its consolidated Subsidiaries as at the end of such quarter and the related unaudited consolidated statements of income and of cash flows for such quarter and the portion of the fiscal year through the end of such quarter, setting forth in each case in comparative form the figures for the previous year, certified by a Responsible Officer as being fairly stated in all material respects (subject to normal year-end audit adjustments).

All such financial statements shall be complete and correct in all material respects and shall be prepared in reasonable detail and in accordance with GAAP applied consistently throughout the periods reflected therein and with prior periods (except as approved by such accountants or officer, as the case may be, and disclosed therein and except that unaudited financial statements may not have notes).

6.2 Certificates; Other Information. Furnish to the Administrative Agent on behalf of the Lenders:

(a) concurrently with the delivery of any financial statements pursuant to Section 6.1(a) or 6.1(c), a Compliance Certificate of a Responsible Officer: (i) stating that, to the best of each such Responsible Officer's knowledge, such Responsible Officer has obtained no knowledge of any Default or Event of Default except as specified in such certificate; (ii) in the case of quarterly or annual

financial statements, containing all information and calculations necessary for determining compliance by the Borrower and each Subsidiary with Sections 7.1(a) and 7.1(b) as of the last day of the fiscal quarter or fiscal year of the Borrower, as the case may be; and (iii) to the extent not previously disclosed to the Administrative Agent, a listing of any location where the Borrower or any Subsidiary maintains, stores or warehouses Eligible Equipment or Eligible Inventory in an aggregate amount of $1,000,000 or more.

(b) as soon as available, and in any event no later than 45 days after the end of each fiscal year of the Borrower, a consolidated budget for the following fiscal year (including a projected consolidated balance sheet of the Borrower and its Subsidiaries as of the end of the following fiscal year, the related consolidated statements of projected cash flow and projected income and a description of the underlying assumptions applicable thereto), and, as soon as available, significant revisions, if any, of such budget and projections with respect to such fiscal year (collectively, the "**Projections**");

(c) no later than 5 Business Days prior to the effectiveness thereof, copies of substantially final drafts of any proposed amendment, supplement, waiver or other modification with respect to any Acquisition Documentation; and

(d) promptly upon the Administrative Agent's request, such additional financial and other information as may from time to time be required by the Administrative Agent or any Lender in order to comply with any Requirement of Law.

6.3 Payment of Obligations. Pay, discharge or otherwise satisfy at or before maturity or before they become delinquent, as the case may be, all its material obligations of whatever nature, except where the amount or validity thereof is currently being contested in good faith by appropriate proceedings and reserves in conformity with GAAP with respect thereto have been provided on the books of the relevant Loan Party.

6.4 Maintenance of Existence; Compliance. (a) (i) Preserve, renew and keep in full force and effect its organizational existence and (ii) take all reasonable action to maintain all rights, privileges and franchises necessary or desirable in the normal conduct of its business, except, in each case, as otherwise permitted by Section 7.4 and except, in the case of clause (ii) above, to the extent that failure to do so could not reasonably be expected to have a Material Adverse Effect; and (b) comply with all Contractual Obligations and Requirements of Law except to the extent that failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.5 Maintenance of Property; Insurance. Without limiting its obligations under Sections 2.07 of the Aircraft Asset Security Agreement, (a) keep all property useful and necessary in its business in good working order and condition, ordinary wear and tear excepted and (b) maintain with financially sound and reputable insurance companies insurance on all its property in at least such amounts and against at least such risks (but including in any event public liability, product liability and business interruption) as are usually insured against in the same general area by companies engaged in the same or a similar business.

6.6 Inspection of Property; Books and Records; Discussions. (a) Keep proper books of records and account in which full, true and correct entries in conformity with GAAP and all Requirements of Law shall be made of all dealings and transactions in relation to its business and activities and (b) permit representatives of the Administrative Agent to visit and inspect any of its properties and examine and make abstracts from any of its books and records upon reasonable notice and at any reasonable time during normal business hours and not more than once during any fiscal quarter (unless an Event of Default shall have occurred and be continuing) and to discuss the business, operations, properties and financial and other condition of the Loan Parties

with officers and employees of the Loan Parties and with their independent certified public accountants provided that, such inspection shall not be materially interruptive to the business of the Borrower.

6.7 Notices. Promptly give notice to the Administrative Agent of:

(a) the occurrence of any Default or Event of Default;

(b) any (i) event of default under any Contractual Obligation of Borrower or any of its Subsidiaries or (ii) litigation, investigation or proceeding that may exist at any time between Borrower or any of its Subsidiaries and any Governmental Authority, that in either case, if not cured or if adversely determined, as the case may be, could reasonably be expected to have a Material Adverse Effect;

(c) any litigation or proceeding affecting Borrower or any of its Subsidiaries (i) in which the amount involved is $5,000,000 or more and not covered by insurance or (ii) which relates to any Loan Document;

(d) the following events, as soon as possible and in any event within 30 days after the Borrower knows of: (i) the occurrence of any Reportable Event with respect to any Plan, a failure to make any required contribution to a Plan, the creation of any Lien in favor of the PBGC or a Plan or any withdrawal from, or the termination, Reorganization or Insolvency of, any Multiemployer Plan or (ii) the institution of proceedings or the taking of any other action by the PBGC or the Borrower or any Commonly Controlled Entity or any Multiemployer Plan with respect to the withdrawal from, or the termination, Reorganization or Insolvency of, any Plan; and

(e) any Aircraft Asset becoming an Impaired Aircraft Asset or Lease Default Equipment.

Each notice pursuant to this Section 6.7 shall be accompanied by a statement of a Responsible Officer setting forth details of the occurrence referred to therein and stating what action the relevant Loan Party proposes to take with respect thereto.

6.8 Environmental Laws. (a) Comply in all material respects with, and ensure compliance in all material respects by all tenants and subtenants, if any, with, all applicable Environmental Laws, and obtain and comply in all material respects with and maintain, and ensure that all tenants and subtenants obtain and comply in all material respects with and maintain, any and all licenses, approvals, notifications, registrations or permits required by applicable Environmental Laws.

(b) Conduct and complete all investigations, studies, sampling and testing, and all remedial, removal and other actions required under Environmental Laws and promptly comply in all material respects with all lawful orders and directives of all Governmental Authorities regarding Environmental Laws.

6.9 Hedge Agreements; Key Man Insurance.

(a) Keep in full force and effect, and comply with its obligations under, the Calyon Hedge Agreement and keep in full force and effect, and comply with its obligations under, the Existing Hedge Agreements through their respective "Termination Dates".

(b) As soon as commercially practicable, obtain policies of Key Man Insurance in the amount of at least $10,000,000 each with respect to Messrs. Finazzo and Nichols, with the Administrative Agent named as the insured party and loss payee and otherwise containing such terms and conditions as the Administrative Agent may reasonably request and thereafter maintain such policies in full force and effect and comply with its obligations under such policies.

(c) If the Key Man Guarantor has not issued the Key Man Guarantee within 10 Business Days of the Closing Date, the Borrower shall deposit with Restricted Account a sum of $10,000,000 as cash collateral in lieu of obtaining the Key Man Guarantee, such amount to be held pursuant to the last two sentences of Section 6(a)(i) of the Guarantee and Collateral Agreement. Such amount (unless applied pursuant to Section 6(a)(i) of the Guarantee and Collateral Agreement) shall be returned to the Borrower promptly after the issuance of the Key Man Guarantee and the Key Man Guarantor shall provide Loyens & Loeff N.V., special counsel to the Administrative Agent in the Netherlands such information as may be reasonably requested to permit such firm to issue an opinion with respect to the due authorization and validity of such Key Man Guarantee in form and substance reasonably satisfactory to the Administrative Agent.

(d) Until the policies referred to in clause (b) above are obtained, the Borrower and any of its Subsidiaries shall maintain in full force and effect, and comply with its obligations under, the Key Man Insurance referred to in Section 5.1(p) and if and when a demand for payment under a Key Man Insurance Policy is being made, the Administrative Agent may make a demand for payment under and in accordance with the Key Man Guarantee (or may apply the amount deposited by the Borrower pursuant to clause (c) above and the last sentence of Section 6(a)(i)) to the extent that the Key Man Insurance with respect to Mr. Finazzo or Mr. Nichols has not been increased to $10,000,000.

(e) The failure by the Borrower to obtain policies of Key Man Insurance in the amount of at least $10,000,000 each with respect to Mr. Finazzo or Mr. Nichols (as the case may be), with the Administrative Agent named as the insured party and loss payee and otherwise containing such terms and conditions as the Administrative Agent may reasonably request, shall not constitute a Default or Event of Default so long as the Key Man Insurance with respect to Mr. Finazzo or Mr. Nichols (as the case may be) referred to in Section 5.1(p) and, if applicable, the Key Man Guarantee with respect to Mr. Finazzo or Mr. Nichols (as the case may be) shall remain in full force and effect (unless such Key Man Insurance or Key Man Guarantee shall have terminated due to payment being made thereunder).

6.10 Additional Collateral. (a) With respect to any personal property acquired after the Closing Date by the Borrower or any of its Subsidiaries (other than (x) any property subject to a Lien expressly permitted by Section 7.3 and (y) any Exempted Property) as to which the Administrative Agent, for the benefit of the Lenders, does not have a perfected Lien, promptly (i) execute and deliver to the Administrative Agent such amendments or supplements to the Guarantee and Collateral Agreement (or, in the case of any Aircraft Asset or Aircraft Asset

Lease, the Aircraft Asset Security Agreement and the Assignment of Lease) or such other documents as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a security interest in such property and (ii) take all actions necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in such property, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or the taking of the actions specified in Section 5.2(g) or as may be reasonably requested by the Administrative Agent.

(b) With respect to any interest in any real property having a value (together with improvements thereof) of at least $500,000 acquired after the Closing Date by the Borrower or any of its Subsidiaries, promptly (i) execute and deliver a first priority mortgage, in favor of the Administrative Agent, for the benefit of the Lenders, covering such real property, (ii) if requested by the Administrative Agent, provide the Lenders with (x) title and extended coverage insurance covering such real property in an amount at least equal to the purchase price of such real property (or such other amount as shall be reasonably specified by the Administrative Agent)

as well as a current ALTA survey thereof, together with a surveyor's certificate and (y) any consents or estoppels reasonably deemed necessary or advisable by the Administrative Agent in connection with such mortgage, each of the foregoing in form and substance reasonably satisfactory to the Administrative Agent and (iii) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent. With respect to any real property leased by Borrower or any of its Subsidiaries after the Closing Date, the Borrower shall have obtained from each Person with any interest in the real property and/or the improvements thereon (whether as fee owner, landlord, tenant, ground lessor, mortgagee, leasehold mortgagee, beneficiary of deed of trust, beneficiary of leasehold deed of trust or otherwise), a waiver of any and all right or interest that such Person may otherwise have in the inventory and other Collateral and such Person's consent, if applicable, to access by the Administrative Agent or its representative to the premises in connection with the exercise of any rights or remedies under or pursuant to the Security Documents pursuant to a Landlord Consent and, if in the reasonable opinion of the Administrative Agent, such real property lease is material to the continued operation of the business of the Borrower and its Subsidiaries, the Borrower shall assign such real estate lease to the Administrative Agent pursuant to a Collateral Lease Assignment.

(c) With respect to any new Subsidiary created or acquired after the Closing Date by Borrower or any of its Subsidiaries, promptly (i) execute and deliver to the Administrative Agent such amendments to the Guarantee and Collateral Agreement as the Administrative Agent deems necessary or advisable to grant to the Administrative Agent, for the benefit of the Lenders, a perfected first priority security interest in the Capital Stock of such new Subsidiary that is owned by the Borrower or any of its Subsidiaries, (ii) deliver to the Administrative Agent the certificates representing such Capital Stock, together with undated stock powers, in blank, executed and delivered by a duly authorized officer of the relevant Loan Party, (iii) cause such new Subsidiary (A) to become a party to the Guarantee and Collateral Agreement and, if applicable, the Aircraft Asset Security Agreement, (B) to take such actions necessary or advisable to grant to the Administrative Agent for the benefit of the Lenders a perfected first priority security interest in the Collateral described in the Guarantee and Collateral

Agreement and the Aircraft Asset Security Agreement with respect to such new Subsidiary, including the filing of Uniform Commercial Code financing statements in such jurisdictions as may be required by the Guarantee and Collateral Agreement or the taking of the actions specified in Section 5.2(g) or the Aircraft Asset Security Agreement, as the case may be, or by law or as may be reasonably requested by the Administrative Agent and (C) to deliver to the Administrative Agent a certificate of such Subsidiary, substantially in the form of Exhibit B to the Guarantee and Collateral Agreement, with appropriate insertions and attachments, and (iv) if requested by the Administrative Agent, deliver to the Administrative Agent legal opinions relating to the matters described above, which opinions shall be in form and substance, and from counsel, reasonably satisfactory to the Administrative Agent.

(d) With respect to any Deposit Account acquired by the Borrower or any Subsidiary after the Closing, cause an account control agreement substantially in the form of the Account Control Agreement to be duly executed and delivered by the account holder, the account bank/broker and the Administrative Agent.

6.11 Subsidiaries. All Subsidiaries, whether existing on the date hereof or formed or acquired in the future, shall be Wholly Owned Subsidiaries.

6.12 Post Closing Registration of International Interests. If on the Closing Date or on any Borrowing Date, prospective international interests with respect to an Aircraft Asset or an Aircraft Asset Lease which are eligible for registration with the International Registry were made, within 45 days after the Closing Date or such Borrowing Date, the Borrower shall, if feasible, register international interests with respect to such Aircraft Asset or Aircraft Asset Lease with the International Registry and shall deliver to the Administrative Agent a printout of the "priority search certificate" from the International Registry relating thereto showing no registered international interests on the International Registry prior to such international interest or assignment.

Section 7. Negative Covenants. The Borrower hereby agrees that, so long as the Commitments remain in effect, any Loan or other amount is owing to any Lender or the Administrative Agent hereunder, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly:

7.1 Financial Condition Covenants.

(a) Consolidated Leverage Ratio. Permit the Consolidated Leverage Ratio as at the last day of any period of four consecutive fiscal quarters of the Borrower ending with any fiscal quarter set forth below to exceed the ratio set forth below opposite such fiscal quarter:

Fiscal Quarter(s) ending	Consolidated Leverage Ratio
June 30, 2006	5.50:1
September 30, 2006	5.25:1
December 31, 2006	5.00:1
March 31, 2007	5.00:1
June 30, 2007 – March 31, 2009 (inclusive)	4:00:1
Each fiscal quarter end-date thereafter	3:00:1

(b) Consolidated Fixed Charge Coverage Ratio. Permit the Consolidated Fixed Charge Coverage Ratio for any

period of four consecutive fiscal quarters of the Borrower to be less than 1.25:1.

(c) One Time Charges. For the purpose of calculating the two preceding financial covenants, the Transaction Costs (as defined in Annex A) shall be excluded from the calculation thereof, so long as such expenses do not exceed the maximum amount specified in the definition thereof.

(d) Cure Rights. For the purposes of ascertaining whether an Event of Default has occurred under Section 8(c)(i) in respect of either of the two preceding financial covenants in clauses (a) and (b) hereof, notwithstanding that either such covenant test is not satisfied, no Event of Default shall exist until:

(i) in the case of clause (a) [*Consolidated Leverage Ratio*], 30 days have elapsed from the date such test has been determined to have not been satisfied during which the Loans shall not have been prepaid in an amount such that, on a pro forma basis (taking into account the resulting Loan balance after giving effect to such prepayment), such covenant test would be satisfied; and

(ii) in the case of clause (b) [*Consolidated Fixed Charge Ratio*], 30 days have elapsed from the date such test has been determined to have not been satisfied during which the Revolving Loans and the Tranche A Term Loans shall not have been prepaid (on a pari-passu pro rated basis) in an aggregate amount equal to $500,000 for every basis point below 1.25:1 that the Consolidated Fixed Charge Ratio is at such date of determination; provided that this "cure" provision for such clause (b) shall be inapplicable if the ratio as at such date of determination is below 1.16:1.

7.2 Indebtedness. Create, issue, incur, assume, become liable in respect of or suffer to exist any Indebtedness, except:

(a) Indebtedness of Borrower or any of its Subsidiaries pursuant to any Loan Document;

(b) Indebtedness of the Borrower to any Subsidiary and of any Subsidiary to the Borrower or any other Subsidiary and Subordinated Indebtedness of the Borrower to the Pledgor;

(c) Guarantee Obligations incurred in the ordinary course of business by the Borrower of obligations of any Subsidiary;

(d) Indebtedness outstanding on the date hereof (excluding the Wachovia Credit Facility) and listed on Schedule 7.2(d) and any refinancings, refundings, renewals or

extensions thereof (without increasing, or shortening the maturity of, the principal amount thereof);

(e) Hedge Agreements in respect of Indebtedness otherwise permitted hereby that bears interest at a floating rate, so long as such agreements are not entered into for speculative purposes;

(f) Indebtedness of any Person that becomes a Subsidiary after the date hereof, provided, that such Indebtedness existed immediately prior to the time such Person became a Subsidiary and was not created in contemplation of or in connection with such Person becoming a Subsidiary and after giving effect to such Person becoming a Subsidiary, the Borrower would be in compliance with clauses (a) and (b) of Section 7.1 (assuming such clauses were calculated as of the date such Person became a Subsidiary);

(g) Indebtedness incurred in the acquisition of tooling in the ordinary course of business; and

(h) Other Indebtedness in an aggregate amount not exceeding $4,000,000 at any time outstanding.

7.3 Liens. Create, incur, assume or suffer to exist any Lien upon any of its property, whether now owned or hereafter acquired, except for the following permitted liens ("**Permitted Liens**"):

(a) Liens for taxes not yet due or that are being contested in good faith by appropriate proceedings, provided that adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(b) landlords', carriers', warehousemen's, mechanics', materialmen's, repairmen's or other like Liens arising in the ordinary course of business that are not overdue for a period of more than 60 days or that are being contested in good faith by appropriate proceedings;

(c) pledges or deposits in connection with workers' compensation, unemployment insurance and other social security legislation;

(d) deposits to secure the performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business;

(e) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business that, in the aggregate, are not substantial in amount and that do not in any case materially detract from the value of the property subject thereto or materially interfere with the ordinary conduct of the business of the Borrower or any of its Subsidiaries;

(f) Liens in existence on the date hereof listed on Schedule 7.3(f), securing Indebtedness permitted by Section 7.2(d), provided that no such Lien is spread to cover any

additional property after the Closing Date and that the amount of Indebtedness secured thereby is not increased;

(g) Liens created pursuant to the Security Documents and Liens permitted by the Security Documents (including without limitation Section 2.01 of the Asset Security Agreement);

(h) any interest or title of a lessor or a lessee under any lease entered into by the Borrower or any other Subsidiary in the ordinary course of its business and covering only the assets so leased;

(i) Liens of creditors of any person to whom the Borrower's or a Subsidiary's assets are consigned for sale in the ordinary course of the Borrower's or such Subsidiary's business;

(j) Liens in favor of customs and revenue authorities arising as a matter of law to secure payment of custom duties in connection with the importation of goods, provided that such custom duties are paid when due and adequate reserves with respect thereto are maintained on the books of the Borrower or its Subsidiaries, as the case may be, in conformity with GAAP;

(k) Liens in favor of collecting or payor banks and other banks providing cash management services, in each case having a right of setoff, revocation, refund or chargeback against money or instruments of the Borrower or any Subsidiary on deposit or in possession of such bank arising for the payment of bank fees and other similar amounts owed in the ordinary course of business;

(l) Judgment and attachment Liens not giving rise to an Event of Default;

(m) Other Liens on assets (other than assets forming part of the Borrowing Base) acquired after the Closing Date securing or relating to Indebtedness and other liabilities and obligations not otherwise prohibited by this Agreement or the Security Documents in an aggregate amount not to exceed $4,000,000 at any time outstanding; and

(n) Any renewal or substitution of any Lien described in clause (f), (i) or (m) provided that such Lien is not extended to additional assets.

7.4 Fundamental Changes. Enter into any merger, consolidation or amalgamation, or liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution), or Dispose of all or substantially all of its property or business, except that:

(a) the Borrower may be merged into AeroTurbine as contemplated by Section 5.1;

(b) any Subsidiary of the Borrower may be merged or consolidated with or into the Borrower (provided that the Borrower shall be the continuing or surviving corporation) or with or into any Subsidiary (provided that the Subsidiary shall be the continuing or surviving corporation);

(c) any Subsidiary of the Borrower may Dispose of any or all of its assets to the Borrower or any Subsidiary (upon voluntary liquidation or otherwise); and

(d) any Investment expressly permitted by Section 7.8 may be structured as a merger, consolidation or amalgamation.

7.5 Lines of Business. Enter into any business, either directly or through any Subsidiary, except for those businesses in which the Borrower and its Subsidiaries are engaged on the date of this Agreement or that are reasonably related thereto.

7.6 Restricted Payments. Declare or pay any dividend (other than dividends payable solely in common stock of the Person making such dividend) on, or make any payment on account of, or set apart assets for a sinking or other analogous fund for, the purchase, redemption, defeasance, retirement or other acquisition of, any Capital Stock of the Borrower, whether now or hereafter outstanding, or make any other distribution in respect thereof, either directly or indirectly, whether in cash or property or in obligations of the Borrower (collectively, "**Restricted Payments**"), except that the Borrower may make dividend payment if:

(a) no Default or Event of Default has occurred and is continuing;

(b) the aggregate amount of such dividend payment in any calendar year does not exceed $30,000,000; and

(c) after giving effect to such dividend, the Consolidated Leverage Ratio (calculated for the three month period ending on the date of such dividend) is not more than 2.5:1 and the Consolidated Fixed Charge Coverage Ratio (calculated for the three month period ending on the date of such dividend) is not less than 1.25:1;

provided that this Section 7.6 shall not restrict any dividend or other payment made in connection with the Acquisition.

7.7 Capital Expenditures. Make or commit to make any Capital Expenditure in excess of $4,000,000 in the aggregate, except Capital Expenditures by the Borrower and its Subsidiaries of Aircraft Assets or tooling directly related thereto in the ordinary course of business; provided, however, that neither the Borrower nor any of its Subsidiaries may commit to aggregate obligations to make Capital Expenditures for Aircraft Assets (x) more than 18 but less than 24 months in the future if such aggregate obligations would be in excess of $35,000,000 or (y) more 24 or more months in the future if such aggregate obligations (when totaled with any aggregate obligations more than 18 months or less than 24 months in the future) would be in excess of $25,000,000.

7.8 Investments. Make any advance, loan, extension of credit (by way of guaranty or otherwise) or capital contribution to, or purchase any Capital Stock, bonds, notes, debentures or other debt securities of, or any assets constituting a business unit of, or make any other investment in, any Person (all of the foregoing, "**Investments**"), except:

(a) extensions of trade credit in the ordinary course of business and any bond, note, debenture or other security distributed in a bankruptcy proceeding with respect thereto;

(b) investments in Cash Equivalents;

(c) Guarantee Obligations permitted by Section 7.2;

(d) the Acquisition;

(e) intercompany Investments by Borrower or any of its Subsidiaries in the Borrower or any Person that, prior to such investment, is a Subsidiary; and

(f) in addition to Investments otherwise expressly permitted by this Section, Investments by the Borrower or any of its Subsidiaries in an aggregate amount (valued at cost) not to exceed $10,000,000 during the term of this Agreement.

7.9 Optional Payments and Modifications of Certain Debt Instruments; Synthetic Purchase Agreements. (a) Make or offer to make any optional or voluntary payment, prepayment, repurchase or redemption of or otherwise optionally or voluntarily defease or segregate funds with respect to the Tranche B Term Loans; (b) amend, modify, waive or otherwise change, or consent or agree to any amendment, modification, waiver or other change to, any of the terms of the Junior Credit Agreement (other than any such amendment, modification, waiver or other change that (i) would extend the maturity or reduce the amount of any payment of principal thereof or reduce the rate or extend any date for payment of interest thereon and (ii) does not involve the payment of a consent fee); or (c) enter into or be party to, or make any payment under, any Synthetic Purchase Agreement.

7.10 Transactions with Affiliates. Enter into any transaction, including any purchase, sale, lease or exchange of property, the rendering of any service or the payment of any management, advisory or similar fees, with any Affiliate (other than the Borrower or any Subsidiary) unless such transaction is (a) otherwise permitted under this Agreement, (b) (i) in the ordinary course of business of the relevant Loan Party, and (ii) upon fair and reasonable terms no less favorable to the relevant Loan Party than it would obtain in a comparable arm's length transaction with a Person that is not an Affiliate or (c) a written tax sharing agreement or similar arrangement between the Borrower and the Pledgor that requires the payment by the Borrower of its allocable share of any consolidated, combined or unitary tax liability of any group that includes the Borrower and the Pledgor (or any affiliate of the Pledgor), which allocable share shall be no greater than the amount of US federal, state, and local taxes that the Borrower and the Borrower's subsidiaries would have paid had the Borrower and its subsidiaries filed a consolidated, combined or unitary return for a group including only the Borrower and its Subsidiaries.

7.11 Sales and Leasebacks. Enter into any arrangement with any Person providing for the leasing by Borrower or any of its Subsidiaries of real or personal property that has been or is to be sold or transferred by such Loan Party to such Person or to any other Person to whom funds have been or are to be advanced by such Person on the security of such property or rental obligations of such Loan Party.

7.12 Changes in Fiscal Periods. Permit the fiscal year of the Borrower to end on a day other than December 31 or change the Borrower's method of determining fiscal quarters.

7.13 Negative Pledge Clauses. Enter into or suffer to exist or become effective any agreement that prohibits or limits the ability of Borrower or any of its Subsidiaries to create, incur, assume or suffer to exist any Lien upon any of its property or revenues, whether now owned or hereafter acquired, to secure its obligations under the Loan Documents to which it is a party other than (a) this Agreement and the other Loan Documents and (b) any agreements governing any purchase money Liens or Capital Lease Obligations otherwise permitted hereby (in which case, any prohibition or limitation shall only be effective against the assets financed thereby).

7.14 Clauses Restricting Subsidiary Distributions. Enter into or suffer to exist or become effective any consensual encumbrance or restriction on the ability of any Subsidiary of the Borrower to (a) make Restricted Payments in respect of any Capital Stock of such Subsidiary held by, or pay any Indebtedness owed to, the Borrower or any other Subsidiary of the Borrower, (b) make loans

or advances to, or other Investments in, the Borrower or any other Subsidiary of the Borrower or (c) transfer any of its assets to the Borrower or any other Subsidiary of the Borrower, except for such encumbrances or restrictions existing under or by reason of (i) any restrictions existing under the Loan Documents and (ii) any restrictions with respect to a Subsidiary imposed pursuant to an agreement that has been entered into in connection with the Disposition of all or substantially all of the Capital Stock or assets of such Subsidiary.

7.15 Amendments to Acquisition Documents. (a) Amend, supplement or otherwise modify (pursuant to a waiver or otherwise) the terms and conditions of the indemnities and licenses furnished to the Borrower or any of its Subsidiaries pursuant to the Acquisition Documentation such that after giving effect thereto such indemnities or licenses shall be materially less favorable to the interests of the Loan Parties or the Lenders with respect thereto or (b) otherwise amend, supplement or otherwise modify the terms and conditions of the Acquisition Documentation or any such other documents except for any such amendment, supplement or modification that (i) becomes effective after the Closing Date and (ii) could not reasonably be expected to have a Material Adverse Effect.

Section 8. Events Of Default.

If any of the following events shall occur and be continuing:

(a) the Borrower shall fail to pay the principal of or any interest on any Loan, or any fee payable hereunder or under any other Loan Document, within three Business Days after any such principal, interest or fee becomes due in accordance with the terms hereof; or the Borrower shall fail to pay any other amount payable hereunder or under any other Loan Document within five Business Days after the Borrower shall have received notice from the Administrative Agent that same shall be due in accordance with the terms hereof; or

(b) any representation or warranty made or deemed made by any Loan Party herein or in any other Loan Document to which it is a party or that is contained in any certificate, document or financial or other statement furnished by it at any time under or in connection with this Agreement or any such other Loan Document shall prove to have been inaccurate in any material respect on the date made or deemed made and which shall have a Material Adverse

Effect on the ability of the Loan Party to comply with its obligations under the Loan Documents; or

(c) the Borrower shall default in the observance or performance of any agreement contained in clause (i) or (ii) of Section 6.4(a), Section 6.7(a) or Section 7 of this Agreement; or

(d) the Borrower shall have failed to deliver a Borrowing Base valuation pursuant to Section 3.3(a) within five Business Days after the same shall be due; or

(e) except as otherwise provided in Section 6.9 hereof and Section 2.10 of the Aircraft Asset Security Agreement, any Loan Party shall default in the observance or performance of any other agreement contained in this Agreement or any other Loan Document (other than as provided in paragraphs (a) through (d) of this Section), and such default shall continue unremedied for a period of 30 days after notice to the Borrower from the Administrative Agent; or

(f) the Borrower or any Subsidiary of the Borrower shall (i) default in making any payment of any principal of or interest on any Indebtedness (including any Guarantee Obligation, but excluding the Loans) beyond the period of grace, if any, provided in the instrument or agreement under which such Indebtedness was created; or (ii) default in the observance or performance of any other agreement or condition relating to any such Indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event shall occur or condition exist, the effect of which default or other event or condition is to cause, or to permit the holder or beneficiary of such Indebtedness (or a trustee or agent on behalf of such holder or beneficiary) to cause, with the giving of notice if required, such Indebtedness to become due prior to its stated maturity or (in the case of any such Indebtedness constituting a Guarantee Obligation) to become payable; provided, that a default, event or condition described in clause (i) or (ii) of this paragraph (e) shall not at any time constitute an Event of Default unless, at such time, one or more defaults, events or conditions of the type described in clauses (i) and (ii) of this paragraph (e) shall have occurred and be continuing with respect to Indebtedness the outstanding principal amount of which exceeds in the aggregate $4,000,000; or

(g) (i) Borrower or any of its Subsidiaries shall commence any case, proceeding or other action (A) under any existing or future law of any jurisdiction, domestic or foreign, relating to bankruptcy, insolvency, reorganization or relief of debtors, seeking to have an order for relief entered with respect to it, or seeking to adjudicate it a bankrupt or insolvent, or seeking reorganization, arrangement, adjustment, winding-up, liquidation, dissolution, composition or other relief with respect to it or its debts, or (B) seeking appointment of a receiver, trustee, custodian, conservator or other similar official for it or for all or any substantial part of its assets, or Borrower or any of its Subsidiaries shall make a general assignment for the benefit of its creditors; or (ii) there shall be commenced against Borrower or any of its Subsidiaries any case, proceeding or other action of a nature referred to in clause (i) above that (A) results in the entry of an order for relief or any such adjudication or appointment or (B) remains undismissed, undischarged or unbonded for a period of 60 days; or (iii) there shall be commenced against Borrower or any of its Subsidiaries any case, proceeding or other action

seeking issuance of a warrant of attachment, execution, distraint or similar process against all or any substantial part of its assets that results in the entry of an order for any such relief that shall not have been vacated, discharged, or stayed or bonded pending appeal within

60 days from the entry thereof; or (iv) Borrower or any of its Subsidiaries shall take any action in furtherance of, or indicating its consent to, approval of, or acquiescence in, any of the acts set forth in clause (i), (ii), or (iii) above; or (v) Borrower or any of its Subsidiaries shall generally not, or shall be unable to, or shall admit in writing its inability to, pay its debts as they become due; or

(h) (i) any Person shall engage in any "prohibited transaction" (as defined in Section 406 of ERISA or Section 4975 of the Code) involving any Plan, (ii) any "accumulated funding deficiency" (as defined in Section 302 of ERISA), whether or not waived, shall exist with respect to any Plan or any Lien in favor of the PBGC or a Plan shall arise on the assets of Borrower or any of its Subsidiaries or any Commonly Controlled Entity, (iii) a Reportable Event shall occur with respect to, or proceedings shall commence to have a trustee appointed, or a trustee shall be appointed, to administer or to terminate, any Single Employer Plan, which Reportable Event or commencement of proceedings or appointment of a trustee is, in the reasonable opinion of the Required Lenders, likely to result in the termination of such Plan for purposes of Title IV of ERISA, (iv) any Single Employer Plan shall terminate for purposes of Title IV of ERISA, (v) Borrower or any of its Subsidiaries or any Commonly Controlled Entity shall, or in the reasonable opinion of the Required Lenders is likely to, incur any liability in connection with a withdrawal from, or the Insolvency or Reorganization of, a Multiemployer Plan or (vi) any other event or condition shall occur or exist with respect to a Plan; and in each case in clauses (i) through (vi) above, such event or condition, together with all other such events or conditions, if any, could, in the reasonable judgment of the Required Lenders, reasonably be expected to have a Material Adverse Effect; or

(i) one or more judgments or decrees shall be entered against the Borrower or any of its Subsidiaries involving in the aggregate a liability (not paid or fully covered by insurance as to which the relevant insurance company has acknowledged coverage) of $5,000,000 or more, unless all such judgments or decrees shall have been vacated, discharged, stayed or bonded pending appeal within 30 days from the entry thereof; or

(j) any of the Security Documents shall cease, for any reason, to be in full force and effect, or Borrower or any of its Subsidiaries or any Affiliate of Borrower or any of its Subsidiaries shall so assert, or any Lien created by any of the Security Documents shall cease to be enforceable and of the same effect and priority purported to be created thereby; or

(k) the guarantee contained in Section 2 of the Guarantee and Collateral Agreement shall cease, for any reason, to be in full force and effect or Borrower or any of its Subsidiaries or any Affiliate of Borrower or any of its Subsidiaries shall so assert; or

(l) AerCap B.V. shall cease to own and control, of record and beneficially, directly or indirectly, 51% of each class of outstanding Capital Stock of the Borrower;

then, and in any such event, (A) if such event is an Event of Default specified in clause (i) or (ii) of paragraph (g) above with respect to the Borrower, automatically the Commitments shall immediately terminate and the Loans (with accrued interest thereon) and all other amounts

owing under this Agreement and the other Loan shall immediately become due and payable, and (B) if such event is any other Event of Default, either or both of the following actions may be taken: (i) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower declare the Revolving Commitments to be terminated forthwith, whereupon the Revolving Commitments shall immediately terminate; and (ii) with the consent of the Required Lenders, the Administrative Agent may, or upon the request of the Required Lenders, the Administrative Agent shall, by notice to the Borrower, declare the Loans (with accrued interest thereon) and all other amounts owing under this Agreement and the other Loan Documents to be due and payable forthwith, whereupon the same shall immediately become due and payable. Except as expressly provided above in this Section, presentment, demand, protest and all other notices of any kind are hereby expressly waived by the Borrower.

Section 9. The Agents.

9.1 Appointment. Each Lender hereby irrevocably designates and appoints Calyon New York Branch as the agent of such Lender under this Agreement and the other Loan Documents, and each such Lender irrevocably authorizes the Administrative Agent, in such capacity, to take such action on its behalf under the provisions of this Agreement and the other Loan Documents and to exercise such powers and perform such duties as are expressly delegated to the Administrative Agent by the terms of this Agreement and the other Loan Documents, together with such other powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary elsewhere in this Agreement, the Administrative Agent shall not have any duties or responsibilities, except those expressly set forth herein, or any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Administrative Agent. Each Lender further appoints Wachovia Bank, N.A. and National City Bank as Co-Documentation Agents under this Agreement and HSH Nordbank AG as Syndication Agent. The Co-Documentation Agents and the Syndication Agent shall have no duties, liabilities or responsibilities in such capacity whatsoever.

9.2 Delegation of Duties. The Administrative Agent may execute any of its duties under this Agreement and the other Loan Documents by or through agents or attorneys-in-fact selected by the Administrative Agent with reasonable care and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Administrative Agent shall not be responsible for the negligence or misconduct of any agents or attorneys-in-fact selected by it with reasonable care.

9.3 Exculpatory Provisions. Neither any Administrative Agent, the Syndication Agent, any Co-Documentation Agent nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates shall be (i) liable for any action lawfully taken or omitted to be taken by it or such Person under or in connection with this Agreement or any other Loan Document (except to the extent

that any of the foregoing are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from its or such Person's own gross negligence or willful misconduct) or (ii) responsible in any manner to any of the Lenders for any recitals, statements, representations or warranties made by Borrower or any of its Subsidiaries or any officer thereof contained in this Agreement or any other Loan Document or in any

certificate, report, statement or other document referred to or provided for in, or received by the any such Agent under or in connection with, this Agreement or any other Loan Document or for the value, validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document or for any failure of Borrower or any of its Subsidiaries a party thereto to perform its obligations hereunder or thereunder. No such Agent shall be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of Borrower or any of its Subsidiaries.

9.4 Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any instrument, writing, resolution, notice, consent, certificate, affidavit, letter, telecopy, telex or teletype message, statement, order or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent may deem and treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all purposes for all purposes unless a written notice of assignment, negotiation or transfer thereof shall have been filed with the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Required Lenders (or, if so specified by this Agreement, all Lenders) as it deems appropriate or it shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense that may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement and the other Loan Documents in accordance with a request of the Required Lenders (or, if so specified by this Agreement, all Lenders), and such request and any action taken or failure to act pursuant thereto shall be binding upon all the Lenders and all future holders of the Loans.

9.5 Notice of Default. The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default unless the Administrative Agent has received notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default". In the event that the Administrative Agent receives such a notice, the Administrative Agent shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as shall be reasonably directed by the Required Lenders (or, if so specified by this Agreement, all Lenders); provided that unless and until the Administrative Agent shall have received such directions, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable in the best interests of the Lenders.

9.6 Non-Reliance on Agents and Other Lenders. Each Lender expressly acknowledges that neither the Agents nor any of their respective officers, directors, employees, agents, attorneys-in-fact or affiliates have made any representations or warranties to it and that no act by any Administrative Agent hereafter taken, including any review of the affairs of a Loan Party or any affiliate of a Loan Party, shall be deemed to constitute any representation or warranty by any Administrative Agent to any Lender. Each Lender represents to the Agents that

it has, independently and without reliance upon any Administrative Agent or any other Lender, and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates and made its own decision to make its Loans hereunder and enter into this Agreement. Each Lender also represents that it will, independently and without reliance upon any Administrative Agent or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigation as it deems necessary to inform itself as to the business, operations, property, financial and other condition and creditworthiness of the Loan Parties and their affiliates. Except for notices, reports and other documents expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, operations, property, condition (financial or otherwise), prospects or creditworthiness of Borrower or any of its Subsidiaries or any affiliate of a Loan Party that may come into the possession of the Administrative Agent or any of its officers, directors, employees, agents, attorneys-in-fact or affiliates.

9.7 Indemnification. The Lenders agree to indemnify the Administrative Agent in its capacity as such (to the extent not reimbursed by the Borrower and without limiting the obligation of the Borrower to do so), ratably according to their respective Aggregate Exposure Percentages in effect on the date on which indemnification is sought under this Section (or, if indemnification is sought after the date upon which the Commitments shall have terminated and the Loans shall have been paid in full, ratably in accordance with such Aggregate Exposure Percentages immediately prior to such date), from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind whatsoever that may at any time (whether before or after the payment of the Loans) be imposed on, incurred by or asserted against such Administrative Agent in any way relating to or arising out of, the Commitments, this Agreement, any of the other Loan Documents or any documents contemplated by or referred to herein or therein or the transactions contemplated hereby or thereby or any action taken or omitted by such Administrative Agent under or in

connection with any of the foregoing; provided that no Lender shall be liable for the payment of any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements that are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from such Administrative Agent's gross negligence or willful misconduct. The agreements in this Section shall survive the payment of the Loans and all other amounts payable hereunder.

9.8 Administrative Agent in Its Individual Capacity. The Administrative Agent and its affiliates may make loans to, accept deposits from and generally engage in any kind of business with Borrower or any of its Subsidiaries as though such Administrative Agent were not an Administrative Agent. With respect to its Loans made or renewed by it, the Administrative Agent shall have the same rights and powers under this Agreement and the other Loan Documents as any Lender and may exercise the same as though it were not an Administrative Agent, and the terms "Lender" and "Lenders" shall include the Administrative Agent in its individual capacity.

9.9 Successor Administrative Agent. The Administrative Agent may resign as Administrative Agent upon 10 days' notice to the Lenders and the Borrower. If the Administrative Agent shall resign as Administrative Agent under this Agreement and the other Loan Documents, then the Required Lenders shall appoint from among the Lenders a successor agent for the Lenders, which successor agent shall (unless an Event of Default under Section 8(a) or Section 8(f) with respect to the Borrower shall have occurred and be continuing) be subject to approval by the Borrower (which approval shall not be unreasonably withheld or delayed), whereupon such successor agent shall succeed to the rights, powers and duties of the Administrative Agent, and the term "Administrative Agent" shall mean such successor agent effective upon such appointment and approval, and the former Administrative Agent's rights, powers and duties as Administrative Agent shall be terminated, without any other or further act or deed on the part of such former Administrative Agent or any of the parties to this Agreement or any holders of the Loans. If no successor agent has accepted appointment as Administrative Agent by the date that is 10 days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective, and the Lenders shall assume and perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Required Lenders appoint a successor agent as provided for above. After any retiring Administrative Agent's resignation as Administrative Agent, the provisions of this Section 9 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement and the other Loan Documents.

9.10 Administrative Agent Fees. The Borrower agrees to pay to the Administrative Agent the fees in the amounts and on the dates previously agreed to in writing by the Borrower and the Administrative Agent.

9.11 Intercreditor Agreement. Each Lender authorizes and directs the Administrative Agent to enter into, and perform the obligations undertaken by it in, the Intercreditor Agreement as "Senior Administrative Agent" thereunder. Each Lender further agrees that it shall be bound by the terms applicable to Senior Lenders under the Intercreditor Agreement as though such provisions were set forth herein.

9.12 Intralinks. The Administrative Agent will post all financial statements and other information received by it pursuant to Section 6.1 or 6.2 on Intralinks within ten Business Days of receipt.

Section 10. Miscellaneous.

10.1 Amendments and Waivers. Neither this Agreement, any other Loan Document, nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of this Section 10.1. The Required Lenders and the Borrower and each of its Subsidiaries party to the relevant Loan Document may, or, with the written consent of the Required Lenders, the Administrative Agent and the Borrower and each of its Subsidiaries party to the relevant Loan Document may, from time to time, (a) enter into written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Lenders or of the Loan Parties hereunder or thereunder or (b) waive, on such terms and conditions as the Required Lenders or the Administrative Agent, as the case

may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) forgive the principal amount or extend the final scheduled date of maturity of any Loan, extend the scheduled date of any amortization payment in respect of any Tranche A Term Loan, reduce the stated rate of any interest or fee payable hereunder (except (x) in connection with the waiver of applicability of any post-default increase in interest rates (which waiver shall be effective with the consent of the Majority Facility Lenders of each adversely affected Facility) and (y) that any amendment or modification of defined terms used in the financial covenants in this Agreement shall not constitute a reduction in the rate of interest or fees for purposes of this clause (i)) or extend the scheduled date of any payment thereof, or increase the amount or extend the expiration date of any Lender's Revolving Commitment, in each case without the written consent of each Lender directly affected thereby; (ii) eliminate or reduce the voting rights of any Lender under this Section 10.1 without the written consent of such Lender; (iii) reduce any percentage specified in the definition of Required Lenders, consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents, release all or substantially all of the Collateral or release all or substantially all of the Subsidiaries from their obligations under the Guarantee and Collateral Agreement, in each case without the written consent of all Lenders; (iv) reduce the percentage specified in the definition of Majority Facility Lenders with respect to any Facility without the written consent of all Lenders under such Facility; (v) amend, modify or waive any provision of (A) Sections 3.1, 3.2 or 3.3; (B) Annex B hereto to add Eligible Equipment or to change the Advance Category for Eligible Equipment; or (C) Annex C to increase the Borrowing Base Advance Rate,

without the written consent of all Lenders or (vi) amend, modify or waive any provision of Section 9 without the written consent of the Administrative Agent. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Lenders and shall be binding upon the Loan Parties, the Lenders, the Administrative Agent and all future holders of the Loans. In the case of any waiver, the Loan Parties, the Lenders and the Administrative Agent shall be restored to their former position and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default, or impair any right consequent thereon.

10.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telecopy), and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered, or three Business Days after being deposited in the mail, postage prepaid, or, in the case of telecopy notice, when received, addressed as set forth in Schedule 10.2 in the case of the Borrower and the Administrative Agent, and as set forth in an administrative questionnaire delivered to the Administrative Agent in the case of the Lenders, or to such other address as may be hereafter notified by the respective parties hereto; provided that any notice, request or demand to or upon the Administrative Agent or the Lenders shall not be effective until received.

10.3 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Administrative Agent or any Lender, any right, remedy, power or privilege hereunder or under the other Loan Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude

any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

10.4 Survival of Representations and Warranties. All representations and warranties made hereunder, in the other Loan Documents and in any document, certificate or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Agreement and the making of the Loans and other extensions of credit hereunder.

10.5 Payment of Expenses. The Borrower agrees (a) to pay or reimburse the Administrative Agent for all its out-of-pocket costs and expenses incurred connection with the development, preparation and execution of, and any amendment, supplement or modification to, this Agreement and the other Loan Documents and any other documents prepared in connection herewith or therewith, and the consummation and administration of the transactions contemplated hereby and thereby, including the reasonable fees and disbursements of counsel to the Administrative Agent (including (i) Vedder, Price, Kaufman & Kammholz, P.C., special New York counsel, (ii) McAfee & Taft, special FAA counsel and (iii) Loyens & Loeff N.V., special Dutch counsel, the costs of each appraisal to determine the Appraisal Value and filing, registration and recording fees and expenses, with statements with respect to the foregoing to be submitted to the Borrower prior to the Closing Date (in the case of amounts to be paid on the Closing Date) and from time to time thereafter on a quarterly basis or such other periodic basis as the Administrative Agent shall deem appropriate, (b) to pay or reimburse each Lender and the Administrative Agent for all its costs and expenses (other than Taxes, which are solely governed by Sections 2.13 and 2.14 of this Agreement, Section 15 of the Guarantee and Collateral Agreement, and Section 5.01 of the Aircraft Asset Security Agreement) incurred in connection with the enforcement or preservation of any rights under this Agreement, the other Loan Documents and any such other documents, including the fees and disbursements of counsel (including the allocated fees and expenses of in-house counsel) to each Lender and of counsel to the Administrative Agent, (c) to pay, indemnify, and hold each Lender and the Administrative Agent and their respective officers, directors, employees, affiliates, agents and controlling persons (each, an "**Indemnitee**") harmless from and against any and all other liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (which are solely governed by Sections 2.13 and 2.14 of this Agreement, Section 15 of the Guarantee and Collateral Agreement, and Section 5.01 of the Aircraft Asset Security Agreement) with respect to the execution, delivery, enforcement, performance and administration of this Agreement, the other Loan Documents and any such other documents, including any of the foregoing relating to the use of proceeds of the Loans or the violation of, noncompliance with or liability under, any Environmental Law applicable to the operations of Borrower or any of its Subsidiaries or any of the Properties and the reasonable fees and expenses of legal counsel in connection with claims, actions or proceedings by any Indemnitee against Borrower or any of its Subsidiaries under any Loan Document (all the foregoing in this clause (d), collectively, the "**Indemnified Liabilities**"), provided, that the Borrower shall have no obligation hereunder to any Indemnitee with respect to Indemnified Liabilities to the extent such Indemnified Liabilities are found by a final and nonappealable decision of a court of competent jurisdiction to have resulted from the gross negligence or willful misconduct of such Indemnitee. Without limiting the foregoing, and to the extent permitted by applicable law, the Borrower agrees not to assert and to cause its Subsidiaries not to assert, and

hereby waives and agrees to cause its Subsidiaries to waive, all rights for contribution or any other rights of recovery with respect to all claims, demands, penalties, fines, liabilities, settlements, damages, costs and expenses of whatever kind or nature, under or related to Environmental Laws, that any of them might have by statute or otherwise against any Indemnitee. All amounts due under this Section 10.5 shall be payable not later than 10 days after written demand therefor. Statements payable by the Borrower pursuant to this Section 10.5 shall be submitted to Lawrence Preston (Telephone No. 305-590-2600, x301) (Telecopy No. 305-590-2695), at the address of the Borrower set forth in Section 10.2, or to such other Person or address as may be hereafter designated by the Borrower in a written notice to the Administrative Agent. The agreements in this Section 10.5 shall survive repayment of the Loans and all other amounts payable hereunder.

10.6 Successors and Assigns; Participations and Assignments. (a) This Agreement shall be binding upon and inure to the

benefit of the Borrower, the Lenders, the Administrative Agent, all future holders of the Loans and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of each Lender.

(b) Any Lender other than any Conduit Lender may, without the consent of the Borrower, in accordance with applicable law, at any time sell to one or more banks, financial institutions or other entities (each, a "**Participant**") participating interests in any Loan owing to such Lender, any Commitment of such Lender or any other interest of such Lender hereunder and under the other Loan Documents. In the event of any such sale by a Lender of a participating interest to a Participant, such Lender's obligations under this Agreement to the other parties to this Agreement shall remain unchanged, such Lender shall remain solely responsible for the performance thereof, such Lender shall remain the holder of any such Loan for all purposes under this Agreement and the other Loan Documents, and the Borrower and the Administrative Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement and the other Loan Documents. In no event shall any Participant under any such participation have any right to approve any amendment or waiver of any provision of any Loan Document, or any consent to any departure by Borrower or any of its Subsidiaries therefrom, except to the extent that such amendment, waiver or consent would reduce the principal of, or interest on, the Loans or any fees payable hereunder, or postpone the date of the final maturity of the Loans, in each case to the extent subject to such participation. The Borrower agrees that if amounts outstanding under this Agreement and the Loans are due or unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall, to the maximum extent permitted by applicable law, be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement, provided that, in purchasing such participating interest, such Participant shall be deemed to have agreed to share with the Lenders the proceeds thereof as provided in Section 10.7(a) as fully as if it were a Lender hereunder. The Borrower also agrees that each Participant shall be entitled to the benefits of Sections 2.13, 2.14 and 2.15 with respect to its participation in the Commitments and the Loans outstanding from time to time as if it was a Lender; provided that, in the case of Section 2.14, such Participant shall have complied with the requirements of said Section and provided, further, that no Participant shall be entitled to receive any greater amount pursuant to

any such Section than the transferor Lender would have been entitled to receive in respect of the amount of the participation transferred by such transferor Lender to such Participant had no such transfer occurred.

(c) Any Lender other than any Conduit Lender (an "**Assignor**") may, in accordance with applicable law, at any time and from time to time assign to any Lender or any Lender Affiliate or, with the consent of the Administrative Agent (which shall not be unreasonably withheld or delayed), to an additional bank, financial institution or other entity (an "**Assignee**") all or any part of its rights and obligations under this Agreement and the other Loan Documents pursuant to an Assignment and Acceptance, executed by such Assignee and such Assignor, and delivered to the Administrative Agent for its acceptance and recording in the Register; provided (i) that, unless otherwise agreed by the Borrower and the Administrative Agent, no such assignment to an Assignee (other than any Lender or any Lender Affiliate) shall be in an aggregate principal amount of less than $3,000,000, in each case except in the case of an assignment of all of a Lender's interests under this Agreement or if a Default has occurred and is continuing and (ii) such Assignee shall have complied with the requirements of Section 2.14 of this Agreement. For purposes of the proviso contained in the preceding sentence, the amount described therein shall be aggregated in respect of each Lender and its Lender Affiliates, if any. No Assignee shall be entitled to receive a greater amount pursuant to Section 2.14 of this Agreement than the Assignor would have been entitled to receive in respect of the assigned rights and obligations had no such assignment occurred. Any such assignment need not be ratable as among the Facilities. Upon such execution, delivery, acceptance and recording, from and after the effective date determined pursuant to such Assignment and Acceptance, (x) the Assignee thereunder shall be a party hereto and, to the extent provided in such Assignment and Acceptance, have the rights and obligations of a Lender hereunder with a Commitment and/or Loans as set forth therein, and (y) the Assignor thereunder shall, to the extent provided in such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of an Assignor's rights and obligations under this Agreement, such Assignor shall cease to be a party hereto). Notwithstanding the foregoing, any Conduit Lender may assign at any time to its designating Lender hereunder without the consent of the Administrative Agent any or all of the Loans it may have funded hereunder and pursuant to its designation agreement and without regard to the limitations set forth in the first sentence of this Section 10.6(c). Notwithstanding anything in this Section 10.6(c) or elsewhere in this Agreement to the contrary, in the case of any assignments contemplated by this Section 10.6(c) occurring after Calyon New York Branch's primary syndication of the Loans, no Assignee shall be entitled to receive any greater amount pursuant to any such Section hereof than the Assignor would have been entitled to receive in respect of the amount of the Loans transferred by such Assignor to such Assignee had no such transfer occurred.

(d) The Administrative Agent shall, on behalf of the Borrower, maintain at its address referred to in Section 10.2 a copy of each Assignment and Acceptance delivered to it and a register (the "**Register**") for the recordation of the names and addresses of the Lenders and the Commitment of, and the principal amount of the Loans owing to, each Lender from time to time. The entries in the Register shall be conclusive, in the absence of manifest error, and the Borrower, each other Loan Party, the Administrative Agent and the Lenders shall treat each Person whose name is recorded in the Register as the owner of the Loans recorded therein for all

purposes of this Agreement. Any assignment of any Loan shall be effective only upon appropriate entries with respect thereto being made in the Register.

(e) Upon its receipt of an Assignment and Acceptance executed by an Assignor, an Assignee and any other Person

whose consent is required by Section 10.6(c), together with payment to the Administrative Agent of a registration and processing fee of $4,000, the Administrative Agent shall (i) promptly accept such Assignment and Acceptance and (ii) record the information contained therein in the Register on the effective date determined pursuant thereto.

(f) For avoidance of doubt, the parties to this Agreement acknowledge that the provisions of this Section 10.6 concerning assignments relate only to absolute assignments and that such provisions do not prohibit assignments creating security interests, including any pledge or assignment by a Lender to any Federal Reserve Bank in accordance with applicable law.

(g) Each of the Borrower, each Lender and the Administrative Agent hereby confirms that it will not institute against a Conduit Lender or join any other Person in instituting against a Conduit Lender any bankruptcy, reorganization, arrangement, insolvency or liquidation proceeding under any state bankruptcy or similar law, for one year and one day after the payment in full of the latest maturing commercial paper note issued by such Conduit Lender; provided, however, that each Lender designating any Conduit Lender hereby agrees to indemnify, save and hold harmless each other party hereto for any loss, cost, damage or expense arising out of its inability to institute such a proceeding against such Conduit Lender during such period of forbearance.

(h) Notwithstanding any provision herein to the contrary notwithstanding, upon the exercise and performance by any Junior Lender (or the Junior Agent on behalf of the one or more Junior Lenders) of its buy-out option under Section 3 of the Intercreditor Agreement, (x) the Senior Loans shall be transferred to such purchasing entity, and the transfer of such Loans to such purchaser shall be noted by the Administrative Agent on the Register and (y) such purchaser shall assume the Revolving Commitments of the Revolving Lenders (and the Revolving Lenders subject to such buy-out shall be released from their respective obligations hereunder in respect of such Revolving Commitments).

10.7 Adjustments; Set-off. (a) Except to the extent that this Agreement expressly provides for payments to be allocated to a particular Lender or to the Lenders under a particular Facility, if any Lender (a "**Benefited Lender**") shall, at any time after the Loans and other amounts payable hereunder shall immediately become due and payable pursuant to Section 8, receive any payment of all or part of the Obligations owing to it, or receive any collateral in respect thereof (whether voluntarily or involuntarily, by set-off, pursuant to events or proceedings of the nature referred to in Section 8(f), or otherwise), in a greater proportion than any such payment to or collateral received by any other Lender, if any, in respect of the Obligations owing to such other Lender, such Benefited Lender shall purchase for cash from the other Lenders a participating interest in such portion of the Obligations owing to each such other Lender, or shall provide such other Lenders with the benefits of any such collateral, as shall be necessary to cause such Benefited Lender to share the excess payment or benefits of such

collateral ratably with each of the Lenders; provided, however, that if all or any portion of such excess payment or benefits is thereafter recovered from such Benefited Lender, such purchase shall be rescinded, and the purchase price and benefits returned, to the extent of such recovery, but without interest.

(b) In addition to any rights and remedies of the Lenders provided by law, each Lender shall have the right, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, upon any amount becoming due and payable by the Borrower hereunder (whether at the stated maturity, by acceleration or otherwise), to set off and appropriate and apply against such amount any and all deposits (general or special, time or demand, provisional or final), in any currency, and any other credits, indebtedness or claims, in any currency, in each case whether direct or indirect, absolute or contingent, matured or unmatured, at any time held or owing by such Lender or any branch or agency thereof to or for the credit or the account of the Borrower, as the case may be. Each Lender agrees promptly to notify the Borrower and the Administrative Agent after any such setoff and application made by such Lender, provided that the failure to give such notice shall not affect the validity of such setoff and application.

10.8 Counterparts. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts, and all of said counterparts taken together shall be deemed to constitute one and the same instrument. Delivery of an executed signature page of this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof. A set of the copies of this Agreement signed by all the parties shall be lodged with the Borrower and the Administrative Agent.

10.9 Severability. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.10 Integration. This Agreement and the other Loan Documents represent the entire agreement of the Borrower, the Administrative Agent and the Lenders with respect to the subject matter hereof and thereof, and there are no promises, undertakings, representations or warranties by the Administrative Agent or any Lender relative to the subject matter hereof not expressly set forth or referred to herein or in the other Loan Documents.

10.11 Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK.

10.12 Submission To Jurisdiction; Waivers. The Borrower hereby irrevocably and unconditionally:

(a) submits for itself and its property in any legal action or proceeding relating to this Agreement and the other

Loan Documents to which it is a party, or for recognition and

enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of New York, the courts of the United States for the Southern District of New York, and appellate courts from any thereof;

(b) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(c) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to the Borrower, as the case may be at its address set forth in Section 10.2 or at such other address of which the Administrative Agent shall have been notified pursuant thereto;

(d) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction; and

(e) waives, to the maximum extent not prohibited by law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section any special, exemplary, punitive or consequential damages.

10.13 Acknowledgements. The Borrower hereby acknowledges that:

(a) it has been advised by counsel in the negotiation, execution and delivery of this Agreement and the other Loan Documents;

(b) neither the Administrative Agent nor any Lender has any fiduciary relationship with or duty to the Borrower arising out of or in connection with this Agreement or any of the other Loan Documents, and the relationship between Administrative Agent and Lenders, on one hand, and the Borrower, on the other hand, in connection herewith or therewith is solely that of debtor and creditor; and

(c) no joint venture is created hereby or by the other Loan Documents or otherwise exists by virtue of the transactions contemplated hereby among the Lenders or among the Borrower and the Lenders.

10.14 Releases of Guarantees and Liens. (a) Notwithstanding anything to the contrary contained herein or in any other Loan Document, the Administrative Agent is hereby irrevocably authorized by each Lender (without requirement of notice to or consent of any Lender except as expressly required by Section 10.1) to take any action requested by the Borrower having the effect of releasing any Collateral or guarantee obligations (i) to the extent necessary to permit consummation of any transaction not prohibited by any Loan Document or that has been consented to in accordance with Section 10.1 or (ii) under the circumstances described in paragraph (b) below.

(b) At such time as the Loans, the other obligations under the Loan Documents (other than obligations under or in respect of Specified Hedge Agreements) and the

Junior Loans shall have been paid in full, the Commitments have been terminated, the Collateral shall be released from the Liens created by the Security Documents, and the Security Documents and all obligations (other than those expressly stated to survive such termination) of the Administrative Agent and the Borrower and each of its Subsidiaries under the Security Documents shall terminate, all without delivery of any instrument or performance of any act by any Person.

10.15 Confidentiality. Each of the Administrative Agent and each Lender agrees to keep confidential all non-public information provided to it by Borrower or any of its Subsidiaries pursuant to this Agreement that is designated by such Loan Party as confidential; provided that nothing herein shall prevent the Administrative Agent or any Lender from disclosing any such information (a) to the Administrative Agent, any other Lender or any Lender Affiliate, (b) subject to an agreement to comply with the provisions of this Section, to any actual or prospective Transferee or any direct or indirect counterparty to any Specified Hedge Agreement (or any professional advisor to such counterparty), (c) to its employees, directors, agents, attorneys, accountants and other professional advisors or those of any of its affiliates, (d) upon the request or demand of any Governmental Authority, (e) in response to any order of any court or other Governmental Authority or as may otherwise be required pursuant to any Requirement of Law, (f) if requested or required to do so in connection with any litigation or similar proceeding, (g) that has been publicly disclosed, (h) to the National Association of Insurance Commissioners or any similar organization or any nationally recognized rating agency that requires access to information about a Lender's investment portfolio in connection with ratings issued with respect to such Lender, or (i) in connection with the exercise of any remedy hereunder or under any other Loan Document.

10.16 WAIVERS OF JURY TRIAL. THE BORROWER, THE ADMINISTRATIVE AGENT AND THE LENDERS HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVE TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT AND FOR ANY COUNTERCLAIM THEREIN.

10.17 USA Patriot Act. Each Lender hereby notifies the Borrower that pursuant to the requirements of the USA Patriot Act

(title III of Pub.L.107-56 (signed into law October 26, 2001))(the "Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrowers and other information that will allow such Lender to identify the Borrower in accordance with the Act. The Borrower shall provide such information promptly upon the request of the Administrative Agent.

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

AERCAP AT, INC., as Borrower

By: _____
Name:
Title:

CALYON NEW YORK BRANCH, as Administrative Agent and as a Lender

By: _____
Name:
Title:

HSH NORDBANK AG, NEW YORK BRANCH, as Syndication Agent and as a Lender

By: _____
Name:
Title:

Wachovia Bank, National Association, as Co-Documentation Agent and as a Lender

By: _____
Name:
Title:

National City Bank, as Co-Documentation Agent and as a Lender

By: _____
Name:
Title:

SunTrust Bank, as Lender

By: _____
Name:
Title:

Regions Bank, N. A., as Lender

By: _____
Name:
Title:

Dekabank Deutsche Girozentrale, as Lender

By: _____
Name:
Title:

APPENDIX I

Definitions

Annex A

Economic Schedule

"**Applicable Margin**": for each Loan, the rate per annum set forth under the relevant column heading below:

	Applicable Margin (LIBOR Rate)	Applicable Margin (Prime Rate)
Revolving Loans	3.0%	0.25%
Tranche A Term Loans	2.75%	0.00%
Tranche B Term Loans	5.50%	2.75%

"**Closing Date**": the date on which the conditions precedent set forth in Section 5.1 shall have been satisfied, which date is April, 26, 2006.

"**Commitment Fee Rate**": 3/4 of 1% per annum.

"**Maturity Date**": the fifth anniversary of the Closing Date.

"**Minimum Equity Contribution**": not less than $60,000,000.

"**Prepayment Fee**": A fee, calculated as a percentage of the principal amount of any Loan subject to prepayment pursuant to Section 2.10, equal to:

For any Prepayment Received	Percentage
On or prior to the first anniversary of the Closing Date	1.0%
After the first anniversary of the Closing Date and on or prior to the second anniversary of the Closing Date	0.5%
Thereafter	0.0%

"**Total Revolving Credit Commitments**": The original amount of the Total Revolving Commitments is $171,000,000.

"**Tranche A Quarterly Amortization Amount**": $3,200,000.

"**Tranche A Term Commitment**": The original aggregate amount of the Tranche A Term Commitments is $160,000,000.

"**Tranche B Term Commitment**": The original aggregate amount of the Tranche B Term Commitments is $15,000,000.

"**Transaction Costs**": the one-time initial expenses directly associated with the Acquisition, and fees and expenses associated with the Wachovia Credit Facility which amount shall not exceed, for the purposes of Section 7.1(c), $18,000,000.

Annex B

Eligible Equipment

Eligible Equipment	Inventory Category(1)	Engine Category(2)	Aircraft Category(3)
CFM56-5C2F	1	1	N/a
Boeing 747-400	1	N/a	1
Engines powering 747-400	1	1	N/a
Airbus A320	1	N/a	1
Engines powering A320	1	1	N/a
Boeing 767	1	N/a	1
Engines powering 767	1	1	N/a
CF680C2A8	2	2	N/a
Boeing 737NG	1	N/a	1
Engines powering 737NG	1	1	N/a
Boeing 737 -300/400 /500	2	N/a	2
Engines powering 737 -300/400 /500	2	2	N/a
MD-11	2	N/a	2
Engines powering MD-11	2	2	N/a
MD-80	2	N/a	3
JT8D/JT8D-200/217/219	2	3	N/a
Boeing 757	2	N/a	2
Engines powering 757	2	2	2
MD-90	3	N/a	3
Engines powering MD-90	3	3	N/a
Fokker F100	3	3	3
Engines powering F100	3	3	N/a
Airbus A310	3	N/a	3
Engines powering A310	3	3	N/a
DC-8	4	N/a	4
Engines powering DC-8 (except CFM56-2)	4	4	N/a
CFM56-2	3	N/a	N/a
Boeing 747-100/200/300	4	N/a	4
Engines powering 747-100/200/300	4	4	N/a
DC-10	4	N/a	4
Engines powering DC-10	4	4	N/a
DC-9	4	N/a	4
Engines powering DC-9	4	4	N/a

(1) Inventory Category: Parts and components of referenced equipment; not whole/complete equipment.

(2) Engine Category: A complete engine.

(3) Aircraft Category: A complete aircraft.

Annex C

Borrowing Base Advance Rates

			Aircraft - the lower of:	
Category	Inventory as a % of Adj. CMV	Engines as a % of Adj. CMV***	Aircraft as a % of Adj. CMV*	Aircraft as a % of Cost*
1	50 %	80 %	70 %	85 %
2	40 %	70 %	60 %	80 %
3**	20 %	40 %	50 %	75 %
4	0 %	0 %	0 %	0 %
Inventory at Vendors	-100 %			

** Aggregate Category 3 Aircraft advances will not exceed 10% of the total Borrowing Base calculation attributable to Engines and Inventory

*** For engines in overhaul, a cash collateral deposit equal to the repair amount due the overhaul provider will be maintained by Administrative Agent.
As an alternative, Borrower may exclude these engines from the Borrowing Base calculation

Exhibit 10.7

[Execution Copy]

PLEDGE AGREEMENT

THIS PLEDGE AGREEMENT (this "**Agreement**"), dated as of April 26, 2006 between AerCap, Inc. (the "**Pledgor**") and CALYON New York Branch, as pledgee and Collateral Agent (the "**Collateral Agent**").

W I T N E S S E T H:

WHEREAS, AeroTurbine, Inc. (the "**Borrower**", as successor by merger to AerCap AT, Inc.), the Senior Lenders (as defined below) and the CALYON New York Branch, as administrative agent for the Senior Lenders (the "**Senior Agent**"), are parties to a Senior Credit Agreement dated as of the date hereof (the "**Senior Credit Agreement**") providing for the making of certain Senior Loans to the Borrower (the "**Senior Loans**");

WHEREAS, the Borrower, the Junior Lenders (as defined below) and the CALYON, Head Office, as agent for the Junior Lenders (the "**Junior Agent**"), are parties to a Junior Credit Agreement dated as of the date hereof (the "**Junior Credit Agreement**"; and, collectively with the Senior Credit Agreement, the "**Credit Agreements**") providing for the making of certain Junior Loans to the Borrower (the "**Junior Loans**");

WHEREAS, the Collateral Agent is the Collateral Agent for the benefit and on behalf of the Lenders;

WHEREAS, the Pledgor owns 100% of the issued and outstanding Capital Stock of the Borrower; and

WHEREAS, the Lenders are unwilling to make the Loans unless the Pledgor pledges and grants to the Collateral Agent, for the benefit of the Lenders, a first priority security interest in the shares of Capital Stock of the Borrower described on Schedule I attached hereto (the "**Pledged Stock**") and all Rights (as defined below) related thereto. As used herein, the term "**Rights**" shall mean and include all dividends, cash, instruments and other property from time to time received, receivable or otherwise distributed in respect of or in exchange for any and all of the shares of stock pledged hereunder all other options or rights of any nature whatsoever which may be issued or granted by the Borrower and the books and records of the Borrower evidencing record ownership and registration of the shares of Capital Stock pledged hereunder ("**Books and Records**");

NOW, THEREFORE, for good and valuable consideration, receipt whereof has been duly received, the parties hereto agree as follows:

1. Definitions. Capitalized terms used herein shall have the meanings assigned thereto in Appendix I of each Credit Agreement.

2. Pledge. To secure prompt payment of the principal of and interest on (including interest accruing after the maturity of the Loans and interest accruing after the filing of any petition in bankruptcy, or the commencement of any insolvency, reorganization or like proceeding, relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding) the Loans and all other obligations and liabilities of the Borrower to the Collateral Agent or to any Lender (or, in the case of Specified Hedge Agreements, any affiliate of any Lender), whether direct or indirect, absolute or contingent, due or to become due, or now existing or hereafter incurred, which may arise under, out of, or in connection with, this Agreement, any other Loan Document, any Specified Hedge Agreement or any other document made, delivered or given in connection herewith or therewith, whether on account of principal, interest, reimbursement obligations, fees, indemnities, costs, expenses (including all fees, charges and disbursements of counsel to the Collateral Agent or to any Lender that are required to be paid by the Borrower pursuant hereto) or otherwise (collectively, the "**Obligations**"), the Pledgor hereby pledges, transfers, assigns and delivers to the Collateral Agent a security interest in: (a) the Pledged Stock and the certificates representing the Pledged Stock; (b) all Rights; (c) all additional shares of stock of the Borrower from time to time acquired by the Pledgor in any manner, the certificates representing such additional shares and all Rights with respect thereto; and (d) all proceeds of the foregoing (items (a), (b), (c) and (d) being hereinafter collectively referred to as the "**Pledged Collateral**").

3. Receipt of Pledged Stock. The Pledgor hereby delivers to the Collateral Agent the certificates representing the Pledged Stock together with a stock power or powers with respect thereto endorsed in blank. The Collateral Agent hereby acknowledges receipt from the Pledgor of the Pledged Stock and the stock powers to which reference is made in the preceding sentence hereof and agrees to hold the same subject to the terms and conditions of this Agreement.

4. Voting Rights; Etc.

(a) So long as the Loans have not been accelerated pursuant to Section 8 of the Senior Credit Agreement:

(i) the Pledgor shall be entitled to exercise any and all voting and other consensual rights pertaining to the Pledged Stock, or any part thereof, for any purpose not inconsistent with the terms of this Agreement or the other Loan Documents; provided, however, (A) that the Pledgor shall not exercise any voting or consensual rights with respect to the commencement of a voluntary case or other proceeding seeking liquidation, reorganization or other relief with respect to the Borrower or any Subsidiary or the Borrower's or any Subsidiary's debts under any bankruptcy, insolvency or other similar law

now or hereafter in effect or consent to the entry of an order for relief in an involuntary case under any such law or seeking the appointment of a trustee, receiver, liquidator, sequestrator, assignee, custodian or other similar official of the Borrower of any Subsidiary or any substantial part of the Borrower's or an Subsidiary's property without obtaining the prior written consent of the Collateral Agent; (B) that the Pledgor shall not amend or approve any amendment to or modification, alteration or repeal of the Certificate of Incorporation of By-Laws or any other organizational documents, as the case may be, of the Borrower or any Subsidiary without obtaining the prior written

consent of the Collateral Agent which consent shall not be unreasonably withheld or delayed; (C) that the Pledgor shall not increase the number of directors or modify in any way the composition of the board of directors of the Borrower (other than by replacing any officers or employees of the Pledgor or an Affiliate of the Pledgor who are directors with other officers or employees of the Pledgor or an Affiliate of the Pledgor) as same exists as of the date hereof without obtaining the prior written consent of the Collateral Agent which consent shall not be unreasonably withheld or delayed; and (D) the Pledgor shall not approve an increase in the authorized number of shares of stock or stated capital of the Borrower or the issuance of any additional shares of stock or the granting of any options or warrants of the without the prior written consent of the Collateral Agent, which consent shall not be unreasonably withheld or delayed provided that the Collateral Agent is granted a first priority security interest in all such shares; and

(ii) the Collateral Agent shall execute and deliver (or cause to be executed and delivered) to the Pledgor all such proxies and other instruments as the Pledgor may reasonably request for the purpose of enabling the Pledgor to exercise the voting and other rights which it is entitled to exercise pursuant to paragraph (i) above.

(b) If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement, all rights of the Pledgor to exercise the voting and other consensual rights which it would otherwise be entitled to exercise pursuant to Section 4(a)(i) shall cease and all such rights shall thereupon become vested in the Collateral Agent, without further act who shall thereupon have the sole right to exercise such voting and other consensual rights and remedies.

5. Representations, Warranties and Covenants. The Pledgor represents, warrants and covenants as follows:

(a) the Pledgor (a) is duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization, (b) has the power and authority, and the legal right, to own and operate its property, to lease the property it operates as lessee and to conduct the business in which it is currently engaged, (c) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification, and (d) is in compliance with all Requirements of Law except to the extent that the failure to comply therewith could not, in the aggregate, reasonably be expected to have a Material Adverse Effect;

(b) the Pledgor has the power and authority, and the legal right, to make, deliver and perform this Agreement. The Pledgor has taken all necessary organizational action to authorize the execution, delivery and performance of this Agreement. No consent or authorization of, filing with, notice to or other act by or in respect of, any Governmental Authority or any other Person is required in connection with the execution, delivery, performance, validity or enforceability of this Agreement, except consents, authorizations, filings and notices described in Section 4.4 of the Senior Credit Agreement, which consents, authorizations, filings and notices have been obtained or made and are in full force and effect;

(c) this Agreement constitutes a legal, valid and binding obligation of each party hereto, enforceable against each such party in accordance with its terms, except as

enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally and by general equitable principles (whether enforcement is sought by proceedings in equity or at law);

(d) the Pledgor is not in default under or with respect to any of its Contractual Obligations in any respect that could reasonably be expected to have a Material Adverse Effect. No Default or Event of Default has occurred and is continuing;

(e) the Pledged Stock has been duly authorized and validly issued and is fully paid and nonassessable;

(f) the Pledgor is the sole legal and beneficial owner of the Pledged Stock identified on Schedule I hereto, and such Pledged Stock is, and at all times shall continue to be, free and clear of any lien, security interest, option or other charge, encumbrance, or right of any party, except for the pledge and security interest created by this Agreement;

(g) the assignment and pledge of the Pledged Collateral pursuant to this Agreement creates a security interest in the Pledged Collateral, securing the payment and performance of the Obligations, and, upon delivery of the Pledged Stock to the Collateral Agent (as long as the Collateral Agent holds the same) such security shall be perfected on a first priority basis enforceable as such against all creditors of the Pledgor and any persons purporting to purchase any Pledged Collateral from the Pledgor;

(h) no authorization, approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required either (i) for the assignment and pledge by the Pledgor of the Pledged Collateral pursuant to this Agreement, or

(ii) for the exercise by the Collateral Agent of the voting or other rights provided for in this Agreement or the remedies in respect of the Pledged Collateral pursuant to this Agreement (except as may be required in connection with such disposition by laws affecting the offering and sale of securities generally);

(i) the Pledged Stock constitutes 100% of the issued and outstanding shares of all classes of the capital stock of the Borrower; and

(j) the Books and Records constitute all the books and records of the Borrower which evidence record ownership and registration of the Pledged Stock.

6. Further Assurances.

(a) The Pledgor shall notify the corporate secretary of the Borrower that the Pledged Stock and the Rights have been pledged to the Collateral Agent pursuant to the provisions of this Agreement, and in which notice the Pledgor shall instruct the secretary of the Borrower to make appropriate notations on the stock transfer records of the Borrower, in accordance with the notice and instructions attached hereto as Exhibit A. The Pledgor shall cause the secretary of the Borrower to confirm receipt of said notice and his or her compliance with said instructions by signing and delivering to the Collateral Agent, on or prior to the Effective Date, a copy of a document substantially in the form of Exhibit A hereto.

(b) The Pledgor agrees that at any time and from time to time, the Pledgor will promptly execute and deliver all further instruments and documents and take all further action requested by the Collateral Agent that may be reasonably necessary or desirable in order to perfect and protect any security interest granted hereby or to enable the Collateral Agent to exercise or enforce its rights and remedies hereunder with respect to the Pledged Collateral, including, without limitation, the Pledged Stock.

7. Transfers and Other Liens. The Pledgor agrees that it will not (a) sell or otherwise dispose of, or grant any option with respect to, any of the Pledged Collateral, or (b) create or permit to exist any lien, security interest or other charge or encumbrance upon or with respect to any of the Pledged Collateral, except for the security interest under this Agreement.

8. Collateral Agent Appointed Attorney-in-Fact. The Pledgor hereby appoints the Collateral Agent as the Pledgor's attorney-in-fact (said power of attorney being coupled with an interest), with full authority in the place and stead of the Pledgor and in the name of the Pledgor or otherwise with full power of substitution, from time to time in the Collateral Agent's discretion if the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Agreement, to exercise or enforce any right or remedy available to the Collateral Agent hereunder or under any applicable law, including, without limitation, the right to receive, endorse and collect all instruments made payable to the Pledgor representing any dividend, interest payment or other distribution in respect of the Pledged Stock or any part thereof, and to give full discharge for the same. Upon the request of the Collateral Agent, the Pledgor will provide documentation evidencing such power of attorney and such further powers of attorney on the same terms set forth above.

9. Reasonable Care. The Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of the Pledged Stock if it has maintained possession thereof, if the Pledged Stock is accorded treatment substantially equal to that which the Collateral Agent accords its own property, it being understood that the Collateral Agent shall not have any responsibility for (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any Pledged Stock, whether or not the Collateral Agent has or is deemed to have knowledge of such matters; or (b) taking any necessary steps to preserve rights against any parties with respect to any Pledged Stock.

10. Remedies Upon Default. If the Loans have been accelerated pursuant to Section 8 of the Senior Credit Agreement:

(a) The Collateral Agent may exercise in respect of the Pledged Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Uniform Commercial Code and the Collateral Agent may also, without notice except as specified below, sell the Pledged Collateral or any part thereof, in one or more parcels, at public or private sale, at any exchange, broker's board or at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. In case any sale of all or any part of the Pledged Collateral is made on credit or for future

delivery, the Pledged Collateral so sold may be retained by the Collateral Agent until the sale price is paid by the purchaser or purchasers thereof, the Collateral Agent shall not incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Pledged Collateral so sold and, in case of any such failure, such Pledged Collateral may be sold again upon like notice. The Collateral Agent agrees to give twenty days notice to the Pledgor of the time and place of any public sale, or the time after which any private sale is to be made, and the Pledgor agrees what such notice shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Pledged Collateral, regardless of whether notice of sale shall have been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. At any public sale made pursuant to this paragraph, the Collateral Agent may bid for or purchase the Pledged Collateral or any part thereof offered for sale and may make payment on account thereof by using any claim then due and payable to the Collateral Agent pursuant to the Loan Documents, including, without limitation, the Obligations, as a

credit against the purchase price therefor; and the Collateral Agent may, upon compliance with the terms of sale, hold, retain and dispose of such property without further accountability to the Pledgor therefor (provided, however, that nothing contained in this sentence shall limit the Pledgor's right to bid for the Pledged Collateral in any public sale). As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent may proceed by a suit or suits at law or in equity to foreclose upon the Pledged Collateral pursuant to this Agreement and to sell the Pledged Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver.

(b) The Collateral Agent may hold the Pledged Stock and cause the same to be registered in the Books and Records in its name or in the name of its nominee, whereupon the Collateral Agent or such nominee shall enjoy all the rights and benefits attributable to the ownership thereof.

(c) The Collateral Agent may vote all or any of the Pledged Stock, act by consent in lieu of a meeting, and give all consents, waivers and ratifications with respect thereto and otherwise act as though it were the outright owner thereof and the Pledgor hereby irrevocably constitutes and appoints the Collateral Agent (or its successor and assign) its proxy and attorney-in-fact, with full power of substitution to do so.

(d) All payments received and amounts held or realized by the Collateral Agent pursuant to this Section, including any cash held by the Collateral Agent as Pledged Collateral and all cash proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Pledged Collateral, shall be promptly distributed by the Collateral Agent in the manner specified in Section 9 of the Guarantee and Collateral Agreement, as if references to the Lien Grantor therein were references to the Pledgor.

11. Notices. Unless otherwise expressly specified or permitted by the terms hereof, all notices and other communications provided or permitted to be made hereunder shall be made in accordance with Section 10.2 of the Credit Agreements except that notices, requests and demands to or upon the Pledgor shall be addressed to the Pledgor as follows: AerCap, Inc., 100

N.E. Third Avenue, Suite 800, Fort Lauderdale, Florida 33301, Attention: Legal Department Facsimile: 974-760-7716, or to such other address as the Pledgor shall notify to the Agents and the Collateral Agent in writing.

12. Continuing Security Interest; Release. This Agreement shall create a continuing security interest in the Pledged Stock and Rights and shall (i) remain in full force and effect until payment and performance of the Obligations, (ii) be binding upon the Pledgor and its successors and assigns, and (iii) inure to the benefit of the Collateral Agent and its successors and transferees and assigns. The security interest granted hereby shall terminate when all Obligations have been paid and performed in full, at which time the Collateral Agent shall return the Pledged Stock and the stock powers and shall upon request and at the expense of the Pledgor, execute and deliver to the Pledgor such documents as the Pledgor shall furnish to the Collateral Agent and reasonably request to evidence such termination, all without recourse upon or warranty by the Collateral Agent and at the cost and expense of the Pledgor.

13. Construction. Captions and section headings used herein are for convenience only and are not part of this Agreement and shall not be used in construing it. In construing any provision of this Agreement, no account shall be taken of the party who prepared this Agreement and no presumption shall arise as a result thereof. In the event that any one or more of the provisions of this Agreement shall be invalid, illegal or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of the remaining provisions contained herein or of the same provision in any other jurisdiction where the same shall be valid, legal or enforceable, shall not in any way be affected or impaired thereby and each of such provisions shall be severable to the maximum extent permitted by law.

14. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be an original document and all of which together shall constitute but one and the same agreement.

15. No Implied Waivers; Remedies Not Exclusive. No failure by the Collateral Agent or the Agents or any Lender to exercise, and no delay in exercising and no course of dealing with respect to, any right or remedy shall operate as a waiver thereof; nor shall any single or partial exercise by the Collateral Agent or any Lender of any right or remedy preclude any other or further exercise thereof or the exercise of any other right or remedy. The rights and remedies specified herein and in each other are cumulative and are not exclusive of any other rights or remedies provided by law.

16. Successors And Assigns. This Agreement is for the benefit of the Collateral Agent, the Agents and the Lenders. If all or any part of any Lenders' interest in any Obligation is assigned or otherwise transferred, the transferor's rights hereunder, to the extent applicable to the obligation so transferred, shall be automatically transferred with such obligation. This Agreement shall be binding on the Lien Grantors and their successors and assigns.

17. Amendments And Waivers. Neither this Agreement nor any provision hereof may be waived, amended, modified or terminated except pursuant to an agreement or agreements in writing entered into by the parties hereto.

18. Choice Of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of New York, except as otherwise required by mandatory provisions of law and except to the extent that remedies provided by the laws of any jurisdiction other than the State of New York are governed by the laws of such jurisdiction.

19. Waiver Of Jury Trial. EACH PARTY HERETO WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO ANY SECURITY DOCUMENT OR ANY TRANSACTION CONTEMPLATED THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

20. Severability. If any provision of any Security Document is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law (i) the other provisions of the Security Documents shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of the Collateral Agent, the Agents and the Lenders in order to carry out the intentions of the parties thereto as nearly as may be possible, and (ii) the invalidity or unenforceability of such provision in such jurisdiction shall not affect the validity or enforceability thereof in any other jurisdiction.

[Intentionally left blank. Signature page follows.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first hereinabove written.

PLEDGOR:

AERCAP, INC., as Pledgor

By: _____
Name:
Title:

COLLATERAL AGENT:

CALYON NEW YORK BRANCH, as Collateral Agent

By: _____
Name:
Title:

By: _____
Name:
Title:

SCHEDULE I

Attached to and forming a part of that certain Share Pledge Agreement, dated as of April 26 2006 between AerCap, Inc., as Pledgor and CALYON New York Branch as Collateral Agent and pledgee.

PLEDGOR: AerCap, Inc.

Stock Issuer	Class of Stock	Stock Certificate Number	Number of Shares
AeroTurbine, Inc.			

EXHIBIT A

AerCap, Inc.

as of April 26, 2006

AeroTurbine, Inc.
2323 N.W. 82nd Avenue
Miami, Florida 33122-1512

Attention: Corporate Secretary

Re: Senior Credit Agreement dated as of the date hereof (the "**Senior Credit Agreement**") among AeroTurbine, Inc. (the "**Borrower**", as successor by merger to AerCap AT, Inc.), the Senior Lenders (as defined therein) and CALYON New York Branch, as agent for the Senior Lenders (the "**Senior Agent**") and Junior Credit Agreement dated as of the date hereof (the "**Junior Credit Agreement**"; and, collectively with the Senior Credit Agreement, the "**Credit Agreements**") among the Borrower, the Junior Lenders (as defined therein) and CALYON, Home Office, as agent for the Junior Lenders (the "**Junior Agent**").

Dear Sir or Madam:

In connection with the Credit Agreements, the undersigned (the "**Pledgor**") has pledged and granted a first priority security interest in all of the Pledged Stock (as defined below) and Rights (as defined below) to the Collateral Agent, pursuant to the terms of the Pledge Agreement, dated as of April 26, 2006 (the "**Pledge Agreement**"), between the Pledgor and the Collateral Agent, a copy of which is delivered to you herewith. Capitalized terms used herein and not otherwise defined shall have the meaning given such terms under the Pledge Agreement.

Please: (a) annotate the stock record book of the Borrower with the following legend to reflect the existence of the above pledge and security interest with respect to the Pledged Stock, and (b) maintain such legend thereon until you receive written notice from the Collateral Agent of the termination of the rights of the Collateral Agent under the Pledge Agreement:

"Sale, transfer, assignment or other disposition of the shares of AeroTurbine, Inc. (the "**Borrower**"), and the interest represented thereby, held of record or beneficially by AerCap, Inc. (the "Pledgor") or at any time authorized or issued by the Borrower are restricted by and subject to all of the terms, conditions and provisions of a certain Pledge Agreement, dated as of April 26, 2006, between the Pledgor and CALYON New York Branch, as collateral agent (the "**Collateral Agent**"), a copy of which may be obtained from the Secretary of the Borrower."

Please confirm receipt of this letter, the Pledge Agreement and your compliance with the requests contained above by signing a copy of this letter in the space noted below and returning said copy to us.

Sincerely,

AERCAP, INC.

By: _____

RECEIPT OF THE PLEDGE AGREEMENT, AND COMPLIANCE WITH THE FOREGOING ARE HEREBY ACKNOWLEDGED AND CONFIRMED:

AEROTURBINE, INC.

By: _____
Corporate Secretary

Attest: _____

Exhibit 10.8

Execution Text

DATED **2005**

(1) **AERCAP IRELANDLIMITED**

(2) **INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir")**

(3) **AERVENTURE LIMITED**

JOINT VENTURE AGREEMENT

McCann FitzGerald
Solicitors
2 Harbourmaster Place
International Financial Services Centre
Dublin 1

CONTENTS

AGREED FORM DOCUMENTS

Administrative Agency Agreement
Articles
Cash Management Agreement
Servicing Agreement

ANNEXED DOCUMENT

Aircraft Letter of Intent

THIS AGREEMENT is made on 2005

BETWEEN:

AERCAP IRELAND LIMITED, a company incorporated in Ireland (registered no. 51950), whose registered office is at debis AirFinance House, Shannon, Co. Clare, ("**AerCap**");

INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir"), a company incorporated in Kuwait, registered no.109323 whose principal place of business is at Kuwait Free Trade Zone, Moevenpick Way, Kuwait City, P.O. Box 42433 Postal Code 70655 ("**LoadAir**"); and

(4) **AERVENTURE LIMITED**, a company incorporated in Ireland (registered no. 410443) whose registered office is at debis AirFinance House, Shannon, Co. Clare (the "**Company**").

RECITALS:

The Company was incorporated on 7 November 2005 under the Companies Acts 1963 to 2005 and is a private company limited by shares.

The Company has an authorised share capital of €100,000 divided into 100,000 ordinary shares of €1 one of which has been issued or allotted and is fully paid. Such share is currently held by AerCap.

(C) AerCap and LoadAir have agreed that the Company shall be a joint venture vehicle for the purpose of the acquisition and leasing of a fleet of new Airbus aircraft as described in this Agreement. AerCap and LoadAir wish to participate as shareholders in the Company in order to facilitate the achievement of this purpose on the terms set out in this Agreement.

(D) AerCap and LoadAir have further agreed that the Company shall enter into certain services agreements described in this Agreement with AerCap and certain members of the AerCap Group, being services described in the Servicing Agreement, the Administrative Agency Agreement and the Cash Management Agreement.

(E) This Agreement contains the terms upon which AerCap and LoadAir have agreed to invest in the Company and provisions governing the operation of the Company.

NOW IT IS AGREED as follows:

1. **Interpretation**

1.1 Unless the context otherwise requires each of the following words and expressions shall have the following meanings:

"**acting in concert**" has the meaning set out in section 1(3) of the Irish Takeover Panel Act, 1997;

"**Additional AerCap Loan Contribution**" means the non-interest bearing loan of US$18,000,000 made by AerCap to the Company on the date hereof pursuant to

Clause 3.2 for the purposes described in that Clause and to be capitalised by the issue of Shares at Completion;

"**Additional Aircraft**" means any aircraft from time to time and at any time owned by a member of the Group other than the Initial Aircraft;

"**Additional Shareholder Capital**" means the nominal value of any Shares subscribed for pursuant to Clause 13.4;

"**Additional Shareholder Capital Tranche**" means in respect of a Financing Start Date:

(a) the sum of:

(i) the amount scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the Relevant Quarter or such other amount (not being more than 115% of the scheduled amount) as the Cash Manager may determine; and

(ii) any amount or amounts scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the quarter immediately before or after the Relevant Quarter as the Cash Manager may determine provided that such amount(s) have not already been subscribed for pursuant to Clause 13.4 and the Cash Manager has confirmed to the Shareholders that such amount(s) are required to be postponed or brought forward as a result of any deferral or acceleration of the relevant payments under the Aircraft Purchase Agreement,

less any amount scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the Relevant Quarter which has already been subscribed for pursuant to Clause 13.4 in accordance with paragraph (ii) above; or

(b) such greater amount as the Board may approve with the consent of the Significant Shareholders.

"**Administrative Agency Agreement**" means the agreement to be entered into between the Company and the Administrative Agent in the agreed form and comprising one of the Services Agreements;

"**Administrative Agent**" means AerCap Administrative Services Limited;

"**AerCap Group**" means the Shareholder Group of AerCap;

"**AerCap Warranties**" means the warranties contained in Schedule 3 and "**AerCap Warranty**" means any such warranty;

"**Agreed Proportion**" means, in respect of a Shareholder:

(a) where the term is used in Clauses 13.4, 15.1 and 15.5(c), the percentage which the nominal value of the Shares beneficially owned by that Shareholder at the relevant time bears to the aggregate nominal value of all the issued Shares

from time to time (excluding any Defaulting Shares as defined in Article 17.3); and

(b) where the term is used in any other provision of this Agreement, the percentage which the nominal value of the Shares beneficially owned by that Shareholder at the relevant time bears to the aggregate nominal value of all the issued Shares from time to time;

"**Airbus**" means Airbus SAS;

"**Airbus Confidential Information**" means any information subject to obligations of confidentiality in favour of Airbus under the Aircraft Letter of Intent or Airbus Purchase Agreement;

"**Aircraft**" means Initial Aircraft and Additional Aircraft;

"**Aircraft Letter of Intent**" means the letter of intent dated 23 November 2005 made between Airbus, the Company, and AerCap BV in respect of the Initial Aircraft, a copy of which is annexed hereto and initialled by the parties for the purposes of identification;

"**Aircraft Purchase Agreement**" means the agreement to be entered into between Airbus and the Company on the date of this Agreement inter alia for the purchase by the Company of the Initial Aircraft;

"**Articles**" means the articles of association of the Company in the agreed form to be adopted prior to Completion pursuant to the special resolutions set out in Schedule 6 (and as amended from time to time) and any reference in this Agreement to any Article shall be to that article of the Articles;

"**Auditors**" means the auditors of the Company for the time being;

"**Board**" means the board of Directors;

"**Budget**" means the first annual operating budget of the Company to be agreed at the first Board meeting of the Company after Completion based on an expansion in monthly format of the Model;

"**Business**" has the meaning set out in Clause 2.1;

"**Business Day**" means a day other than a Saturday or Sunday in Ireland on which banks are generally open for business in both Dublin and Kuwait;

"**Business Plan**" means, at the date of this Agreement, the Model and (when agreed) the Budget and, at any subsequent date, the most recent business plan of the Group containing the reports and other material referred to in Clause 10.5 and approved in accordance with Clause 10;

"**Call Notice**" has the meaning set out in Clause 13.4;

"**Cash Management Agreement**" means the agreement to be entered into between the Company and the Cash Manager in the agreed form and comprising one of the Services Agreements;

"**Cash Manager**" means AerCap Cash Manager II Limited;

"**Chairman**" means the chairman of the Board for the time being;

"**Completion**" means completion of the matters provided for in Clause 5 and Schedule 2 in accordance with that Clause and Schedule;

"**Completion Date**" means the date upon which Completion takes place;

"**Companies Acts**" means the Companies Acts 1963 to 2005 and any legislation in whatever form to be construed as one with those Acts;

"**Condition Date**" means in respect of a Condition, the date and time specified in that Condition;

"**Conditions**" means the conditions set out in Clause 4.1 (a) and (b) and "**Condition**" means one such condition;

"**Confidential Information**" means:

(a) any information, data, facts, intelligence and/or material relating to the Group and/or the Business;

(b) any information, data, facts, intelligence and/or material relating to this Agreement and/or any document referred to in this Agreement; and

(c) such information, data, facts, intelligence and/or material as a Shareholder may from time to time provide to any other Shareholder, whether orally or in writing, regarding the structure, business, assets, liabilities, operations, budgets and strategies of the first-mentioned Shareholder or its Shareholder Group;

"**connected with**", in relation to two or more persons, means two or more persons who are connected with each other for the purposes of section 10 of the Taxes Consolidation Act 1997 and a "**Connected Person**" of any person means a person who is connected with that first-mentioned person;

"**Deed of Adherence**" means a deed in the form set out in Part 1 of Schedule 5;

"**Deposit Loan**" means the non-interest bearing loan of US$7,000,000 made to the Company by AerCap for the purposes of paying the partly non-refundable deposit of the same sum to Airbus pursuant to the Aircraft Letter of Intent and to be capitalised by the issue of Shares at Completion;

"**Director**" means a director of the Company for the time being;

"**Draft Business Plan Date**" in respect of a draft Business Plan means 15 October in the year before the start of the financial year to which the draft Business Plan relates,

save in the case of the draft Business Plan for the year to 31 December 2007, in respect of which the Draft Business Plan Date shall be 31 July 2006;

"**Eligible Bank"** means a bank which is acceptable to Airbus in Airbus' sole discretion;

"**Encumbrance**" includes any adverse claim or right or third party right or interest, any equity, any option or right of pre-emption or right to acquire or restrict, any mortgage, charge, assignment, hypothecation, pledge, lien or security interest or arrangement of whatsoever nature, any reservation of title, and any other encumbrance, priority or security interest or similar arrangement of whatever nature;

"**Equity Drawdown Schedule**" means the equity drawdown schedule of the Company contained in Schedule 7;

"**euro**" and "**€**" mean the lawful currency of Ireland;

"**Event of Default**" means in relation to a Shareholder (other than AerCap in the case of paragraph (c) below) the occurrence of any of the following:

(a) that Shareholder fails to make on the due date any payment to the Company which it is required by the Cash Manager to make pursuant to Clause 13 or to deliver the Initial Shareholder Capital Security in accordance with Clause 13.2 provided that if by the Scheduled Date (as defined in Clause 13.3) the Cash Manager has received the Initial Call Amount (as defined in Clause 13.3) payable by a Shareholder pursuant to an exercise of the Initial Shareholder Capital Security in relation to that Shareholder, that Shareholder shall not be deemed to have failed to make payment of that Initial Call Amount for the purposes of this paragraph (a); or

(b) an Insolvency Event occurring in relation to that Shareholder; or

(c) a Relevant Change in Control of that Shareholder without the consent of the Significant Shareholders;

"**Fair Value**" in respect of any Shares, means the fair value of those Shares as determined in accordance with Article 16;

"**Financing Event of Default**" means an Event of Default of the type described in paragraph (a) of the definition of that term;

"**Financing Start Date**" means the date 45 days before the first date of a quarter as set out in the Equity Drawdown Schedule which shall be the "**Relevant Quarter**" in respect of that Financing Start Date;

"**Group**" means the Company and its subsidiary undertakings from time to time (if any), or any of them, as the context requires and "**member of the Group**" shall have a corresponding meaning;

"**Initial Aircraft**" shall mean all of the Aircraft as defined in the Aircraft Purchase Agreement;

"**Initial Shareholder Capital**" means US$100,000,000, comprising the Loan Contributions and the Secured Initial Shareholder Capital;

"**Initial Shareholder Capital Security**" means:

(a) in relation to LoadAir or any person to whom LoadAir or (save in the case of a Related Holder) AerCap has transferred Shares (a "**Relevant Shareholder**") an irrevocable, standby letter of credit or other irrevocable financial instrument issued by an Eligible Bank in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) or such other form of security in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) as may be acceptable to Airbus in Airbus' sole discretion in each case in a form acceptable to Airbus in Airbus' sole discretion and on terms that secure payment by the Relevant Shareholder of the Agreed Proportion of the Secured Initial Shareholder Capital (based on shareholdings at the Security Delivery Date) pursuant to Clause 13.3,

(b) in relation to AerCap (or any Related holder of AerCap) a guarantee of AerCap B.V. acceptable to Airbus issued in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) on terms that secure payment by AerCap of the Agreed Proportion of the Secured Initial Shareholder Capital (based on shareholdings at the Security Delivery Date) pursuant to Clause 13.3

in each case to be delivered pursuant to Clause 13.2.

"**Insolvency Event**" means, in relation to a Shareholder:-

(a) any distress, execution, sequestration or other process being levied or enforced upon or sued out against the property of the Shareholder which is not discharged within 10 Business Days; or

(b) the inability of the Shareholder to pay its debts in accordance with Section 214 of the Companies Act 1963 or any equivalent provision of any applicable law;

(c) the Shareholder ceasing or threatening to cease wholly or substantially to carry on its business, otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other Shareholders, (such approval not to be unreasonably withheld); or

(d) any encumbrancer taking possession of or a receiver or trustee being appointed over the whole or any part of the undertaking, property or assets of the Shareholder; or

(e) the making of an order or the passing of a resolution for the winding up of the Shareholder, otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other Shareholder (such approval not to be unreasonably withheld); or

(f) any analogous event occurring in any jurisdiction in respect of the Shareholder;

"**Insurance Servicer**" means AerCap Cash Manager II Limited;

"**Ireland**" means the Republic of Ireland;

"**LoadAir Group**" means the Shareholder Group of LoadAir;

"**LoadAir Loan Contribution**" means the non-interest bearing loan of US$25,000,000 made by LoadAir to the Company on the date hereof pursuant to Clause 3.1 for the purposes described in that Clause and to be capitalised by the issue of Shares at Completion;

"**Loan Contributions**" means the Deposit Loan, the Additional AerCap Loan Contribution and the LoadAir Loan Contribution;

"**Model**" means the cashflow and financial projections for the Company covering the period from 2006 to 2014 as reviewed by KPMG and subsequently amended by mutual agreement as at the date hereof;

"**Nominated Company**" has the meaning given to it in Clause 27.2;

"**Original holder**" means a person who acquires Subscription Shares pursuant to paragraph (d) of Schedule 2 being AerCap or LoadAir as the case may be;

"**Permitted Transferee**" in relation to a Shareholder, means any person or persons to whom Shares formerly held by such Shareholder have been transferred (whether or not by such Shareholder) and held pursuant to Article 14.1 or Article 14.4;

"**quarters**" means consecutive three monthly periods ending on 31 March, 30 June, 30 September and 31 December in any year;

"**Related Company**" has the meaning given to it in the Articles;

"**Related holders**" means in respect of an Original holder any person holding Shares as a nominee of the Original holder pursuant to a transfer pursuant to Article 14.4 and any person holding Shares as a Related Company of the Original holder pursuant to a transfer pursuant to Article 14.1;

"**Relevant Change in Control**" shall be deemed to occur in relation to a Shareholder (other than AerCap) if any person or persons connected with each other or persons acting in concert with each other, any one or more of which (other than LoadAir) is an international aircraft operating lessor, obtains control over the Shareholder. For this purpose, "**control**" has the meaning given by section 432 of the Taxes Consolidation Act 1997;

"**Relevant Number of Votes**" in respect of a Director means a number of votes equal to A where A is calculated as follows:

$$A = \frac{B}{C}$$

where:

B = the nominal value of the Shares beneficially owned by the Significant Shareholder who appointed the Director;

C = the number of Directors appointed by the Shareholder who appointed the Director and who are present at the relevant meeting or whose alternate is present at the relevant meeting,

in each case at the time the number of votes is being determined;

"**Secured Initial Shareholder Capital**" means US$50,000,000 which is to be contributed to the Company pursuant to Clause 13.3 and which is the subject of the Initial Shareholder Capital Security;

"**Security Delivery Date**" means 31 January 2006 save with respect to LoadAir if Airbus has declined to accept the guarantee from Al Fawares as the Initial Shareholder Capital Security in respect of LoadAir in which event the Security Delivery Date for LoadAir shall be the date which is six weeks after such decision is advised by Airbus to LoadAir;

"**Service Providers**" means the Administrative Agent, the Cash Manager and AerCap and the Insurance Servicer in their capacity as Servicers under the Services Agreements;

"**Services Agreements**" means the Administrative Agency Agreement, the Cash Management Agreement and the Servicing Agreement;

"**Servicing Agreement**" means the agreement to be made between the Company, AerCap, the Insurance Servicer, the Administrative Agent and the Cash Manager in the agreed form and comprising one of the Services Agreements;

"**Servicer**" means AerCap acting as Servicer under the Servicing Agreement;

"**Shareholder**" means a beneficial owner of Shares and "**Shareholders**" means all such beneficial owners from time to time and, upon the assignment of its interest by LoadAir to the Nominated Company under Clause 27 below, shall include that Nominated Company for so long as it continues to be a beneficial owner of Shares;

"**Shareholder Capital**" means the aggregate nominal value of all Shares in issue from time to time;

"**Shareholder Group**" means, in respect of a Shareholder, that Shareholder, its parent undertakings and subsidiary undertakings and any other subsidiary undertakings of such parent undertakings, from time to time or any of them as the context requires;

"**Shares**" means the ordinary shares in the capital of the Company from time to time;

"**Significant Shareholder**" means a Shareholder for the time being the beneficial owner of more than 10% in nominal value of all the issued Shares from time to time;

"**Subscription Shares**" means the 50,000,000 Shares the subscription for which by AerCap and LoadAir in equal proportions is provided for in Clause 5 and Schedule 2;

"**Transfer Notice**" has the meaning given to it in the Articles;

"**US$**" means US dollars;

"**Valuer**" has the meaning given to it in the Articles; and

1.2 In this Agreement, unless the context requires otherwise:

(a) a reference to a "**parent undertaking**" and "**subsidiary undertaking**" is to be construed in accordance with the European Communities (Companies: Group Accounts) Regulations, 1992;

(b) a reference to a document in the "**agreed form**" is a reference to a document in a form approved and for the purposes of identification signed by or on behalf of each party;

(c) a reference to a person (including a party to this Agreement) includes a reference to that person's legal personal representatives, successors and permitted assigns;

(d) a reference to a document is a reference to that document as from time to time supplemented or varied;

(e) any reference in this Agreement and/or in the Schedules to any statute or statutory provision shall be deemed to include any statute or statutory provision which amends, extends, consolidates, re-enacts or replaces same, or which has been amended, extended, consolidated, re-enacted or replaced (whether before or after the date of this Agreement) by same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;

(f) words importing the singular shall include the plural number and vice versa and words importing a gender shall include each gender;

(g) words and phrases the definitions of which are contained or referred to in the Companies Acts shall be construed as having the meanings thereby attributed to them;

(h) any reference to any Clause, sub-Clause, paragraph, Schedule or Appendix shall be a reference to the Clause, sub-Clause, paragraph, Schedule or Appendix of this Agreement in which the reference occurs unless it is indicated that reference to some other provision is intended;

(i) the provisions of the Schedules to this Agreement shall form an integral part of this Agreement and shall have as full effect as if they were incorporated in the body of this Agreement and the expressions "**this Agreement**" and "**the Agreement**" shall be deemed to include the Schedules to this Agreement;

(j) any reference to a "**person**" shall be construed as a reference to any individual, firm, company, corporation, undertaking, government, state or agency of a state, or any association or partnership (whether or not having separate legal personality);

(k) the headings contained in this Agreement and the Schedules are inserted for convenience of reference only and shall not in any way form part of nor affect nor be taken into account in the construction or interpretation of any provisions of this Agreement or the said Schedules;

(l) all references in this Agreement to costs, charges and expenses include any value added tax or similar tax charged or chargeable in respect thereof;

(m) all references in this Agreement to "**indemnify**" and "**indemnifying**" any person against any circumstance include indemnifying and keeping that person harmless from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(n) references in this Agreement to a "**company**" shall be construed so as to include any company, corporation or body corporate, whenever and however established or incorporated;

(o) the rule known as the ejusdem generis rule shall not apply to the interpretation of this Agreement and accordingly general words, including those introduced by "**other**" or followed by "**including**" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by general words;

(p) any reference to an Irish legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than Ireland, be deemed to include a reference to what most nearly approximates in that jurisdiction to the Irish legal term;

(q) a reference to the "other Shareholders" or any of them shall include a reference to the "other Shareholder" if there shall be only two Shareholders at the relevant time; and

(r) if a payment would otherwise be required to be made on a day on which banks are not generally open for business in New York the payment shall be required to be made on the next following day which is a Business Day and on which banks are generally open for business in New York.

2. **Object of the Company**

2.1 The primary object of the Company shall be to carry on the business of acquiring, leasing, selling or otherwise disposing of the Aircraft (the "**Business**").

2.2 The Business shall be conducted in the best interests of the Company on sound commercial profit making principles, so as to maximise the risk adjusted present value of the cash flows over the life of the Aircraft from leasing and re-leasing or selling or otherwise disposing of the Aircraft taking into account the then existing and anticipated market conditions affecting the operating leasing of aircraft, the commercial aviation industry generally and any contractual restrictions imposed in any document executed in respect of the Aircraft and without prejudice to the generality of the foregoing in a manner which has as its objective, in so far as practicable, to:

(a) maximise the use of cost effective third party funding;

(b) lease the Aircraft on terms that optimise the balance between credit risk, lease term and remuneration; and

(c) enable the portfolio of Aircraft to be actively traded at optimal values to enable the Shareholders to realise their financial benefits from the transaction.

2.3 The central management and control of the Company shall be exercised in Ireland and each of the Shareholders shall take such steps as are within its control to ensure that the Company is treated by all relevant authorities as being resident for taxation and other purposes in Ireland.

3. **Loan Contributions**

3.1 In consideration for AerCap and the Company agreeing to enter into this Agreement LoadAir hereby pays to the Company the sum of US$25,000,000 on the following basis:

(a) such amount comprises a non-interest bearing loan to the Company by LoadAir;

(b) the Company hereby directs LoadAir to pay or to procure the payment of US$17,500,000 of such amount to Airbus on behalf of the Company and in part satisfaction of the Company's obligations under the Aircraft Purchase Agreement to make a part payment of Predelivery Payments (as defined in the Aircraft Purchase Agreement) under the Aircraft Purchase Agreement (in this Clause 3, the "**Aircraft Payments**"); and

(c) if each Condition is not satisfied or waived on or before the Condition Date the Company undertakes to repay the amount of US$25,000,000 to LoadAir in the case of $7,500,000 thereof within 3 Business Days of the Condition Date and in the case of US$17,500,000 thereof within 3 Business Days of the repayment by Airbus to the Company of the Aircraft Payments.

3.2 In consideration for LoadAir and the Company agreeing to enter into this Agreement, and in addition to the Deposit Loan, AerCap hereby pays to the Company the sum of US$18,000,000 on the following basis:

(a) such amount and the Deposit Loan each comprises a non-interest bearing loan to the Company by AerCap; and

(b) the Company hereby directs AerCap to pay or to procure the payment of US$10,500,000 of such amount to Airbus on behalf of the Company and in part satisfaction of the Company's obligations under the Aircraft Purchase Agreement to

make the Aircraft Payments; and

(c) if each Condition is not satisfied or waived on or before the Condition Date the Company undertakes to repay the amount of US$25,000,000 (comprising the Deposit Loan and the Additional AerCap Loan Contribution) to AerCap in the case of US$7,500,000 thereof within 3 Business Days of the Condition Date and in the case of US$17,500,000 thereof within 3 Business Days of the repayment by Airbus to the Company of the Aircraft Payments.

3.3 The Company shall use its best endeavours to procure that Airbus repays to the Company any amount which falls due for repayment under Letter Agreement No 14 to the Aircraft Purchase Agreement.

3.4 The Loan Contributions shall not be repayable otherwise than as provided in Clause 3.1(c) and Clause 3.2(c).

3.5 On Completion the Loan Contributions shall be capitalised by way of subscription for Shares as set out in Schedule 2.

4. **Conditions**

4.1 Except for Clauses 1, 3.1, 3.2 and 3.3, 4, 20, 21 and 25 to 29 (inclusive) this Agreement is conditional upon the following matters having been fulfilled or having been waived in accordance with Clause 4.4:

(a) on or before 13 January 2006 (7pm CET) the conditions precedent to the Aircraft Purchase Agreement having been satisfied in accordance with the terms of the Aircraft Purchase Agreement; and

(b) on or before 13 January 2006 (7pm CET) the Company having obtained a committed offer of a non-recourse borrowing facility from Calyon or another suitable provider of such finance that has been approved by said financiers' credit committee and is subject only to documentation; such facility is to be of an amount that would fund at least 60% of the cost of the pre-delivery payments (including deposits) to be paid by the Company in respect of each of at least the first twenty (20) of the Initial Aircraft, and otherwise on terms at least as favourable to the Company as the following: an upfront fee of 1%, a margin of 1.1% and a commitment fee of the aggregate to 0.40% of the undrawn amount and US$20,000 per annum.

4.2 AerCap undertakes to LoadAir that it will use all reasonable endeavours to procure the satisfaction of each of the Conditions on or before the Condition Date provided that if either Condition is not satisfied or waived in accordance with Clause 4.4 before the Condition Date AerCap shall have no obligation after that date to use reasonable endeavours to procure the satisfaction of the other Condition.

4.3 If any Condition is not satisfied in full or waived in accordance with Clause 4.4 on or before the Condition Date, then no Clause of this Agreement other than this Clause 4

and those Clauses referred to in Clause 4.1 will have any effect and no party shall have any claim or liability to any other party, other than in respect of any breach of those Clauses.

4.4 Each Condition may be waived with the agreement of AerCap and LoadAir on or before the Condition Date.

4.5 AerCap undertakes to LoadAir that it shall procure that prior to Completion the Company shall not carry out any material business or trading activities or incur any material liability or obligation, save for any activities described in paragraph 2.1 of Schedule 3 or any liability or obligation described in paragraph 2.2 of Schedule 3 or any activities carried on or any liability or obligation incurred in pursuance of any obligation of the Company under this Agreement or the Aircraft Purchase Agreement or to achieve satisfaction of the Conditions or which is the subject of an express provision in the Budget, without the prior written consent of LoadAir.

5. **Completion**

5.1 Completion shall take place at the offices of McCann FitzGerald in Dublin immediately following all of the Conditions having been satisfied or waived (or at such other place or date as AerCap and LoadAir agree).

5.2 At Completion all, but not some only, of the actions set out in Schedule 2 shall be taken (to the extent that they have not taken place prior to Completion).

5.3 Subject to the Subscription Shares being allotted and issued in accordance with paragraph (d) of Schedule 2, AerCap and LoadAir consent to their names being entered in the register of members of the Company in respect of the Subscription Shares to be subscribed for by them and agree that they will take such Shares with the benefit of the rights and subject to the restrictions set out in the Articles.

5.4 The parties consent to the subscriptions provided for in this Clause 5 and Schedule 2 and made pursuant to Clause 13 and waive or agree to procure the waiver of any rights or restrictions which may exist in the Articles or otherwise which might prevent any such subscriptions.

5.5 Subject to Clauses 4.3, 7.10 and 19 this Agreement shall not be rescinded or terminated.

6. **Directors**

6.1 Subject to Clause 9.1(a) the Board shall have responsibility for the supervision and management of the Company and its business.

6.2 For so long as each Shareholder beneficially owns the percentage of the issued Shares set out in column (1) below, it shall be entitled to appoint up to the number of persons set out in column (2) below as Directors and to remove from office any person so appointed and to appoint another person in his place.

(1) Percentage of issued Shares held	(2) Number of Directors
Equal to or greater than 50%	4
Equal to or greater than 25% but less than 50%	2
Greater than 10% but less than 25%	1
Equal to or less than 10%	None

6.3 Each Shareholder agrees with the other parties that if at any time the percentage of the issued Shares which it beneficially owns is reduced (by whatever means) such that the number of Directors which it is entitled to appoint under Clause 6.2 is thereby reduced, it shall forthwith upon such reduction procure the removal of such number of Directors appointed by it as is necessary to reflect this reduction. If any Shareholder fails immediately to procure the removal of a Director(s) as required under this Clause 6.3, the office of such Director(s) shall be automatically vacated.

6.4 Any Director appointed by a Shareholder (or his alternate) voting on a resolution at a meeting of Directors shall be deemed to exercise the Relevant Number of Votes.

6.5 Each Significant Shareholder shall have the right exercisable alternately for a period of one year of nominating one of the Directors to be the Chairman of meetings of the Board and Shareholders and a Chairman so appointed shall hold office as such until the termination of the next annual general meeting following his appointment or (if earlier) the first day after such appointment on which the Shareholder who has nominated such Chairman ceases to be a Significant Shareholder.

6.6 Notwithstanding the generality of Clause 6.5, the first Chairman shall be nominated by AerCap, and the second Chairman shall be nominated by LoadAir.

6.7 If the Chairman is unable to attend any meeting of the Board, then the Shareholder who nominated him shall be entitled to appoint another Director to act as chairman in his place at such meeting.

6.8 In the case of an equality of votes at any meeting of the Board the Chairman shall not be entitled to a second or casting vote and the Chairman shall not have a second or casting vote at any meeting of the Shareholders of the Company.

6.9 Any appointment or removal pursuant to this Clause shall be made by notice in writing served on the Company and the Company agrees to procure that such appointment and/or removal shall be effected as soon as possible following receipt of such notice.

6.10 Notwithstanding any provision of the Articles, each Director and each person appointed to the board of directors of any subsidiary undertaking of the Company shall be entitled to appoint any person to be an alternate director, shall not be entitled to be paid any remuneration by any member of the Group, shall not be required to hold any share qualification, shall not be subject to retirement by rotation and shall

not be removed except by the Shareholder which appointed him or pursuant to Clause 6.3 or pursuant to Article 24.6(a), (c), (d), (e) or (g).

6.11 Each Director shall have the right to be appointed to any committee or sub-committee of or established by the Board provided that this right may be waived by that Director or any other Director appointed by the same Shareholder on his behalf including by approving the establishment of such committee or sub-committee.

6.12 Each Shareholder agrees with each of the parties that if it removes a Director appointed by it in accordance with this Clause 6 or if any such Director is removed pursuant to Clause 6.3 or Article 24.6 (a), (c), (d) (e) or (g) it shall be responsible for, and shall indemnify the Company and the other Shareholders against, any claims by such Director arising out of the Director's removal or loss of office. Each Shareholder acknowledges that the Company shall not be obliged to procure any insurance in respect of its Directors and officers.

6.13 A quorum for meetings of the Board shall comprise one Director appointed by each Significant Shareholder or their duly appointed alternates present in person, provided that if a quorum is not present the meeting shall be adjourned to the same time and place fourteen days later when the Directors present shall constitute a quorum.

6.14 A meeting of the Board shall, unless otherwise agreed by at least one Director appointed by each of the Significant Shareholders, be called by notice in writing to all Directors of no less than 14 days (exclusive of the date of service or deemed service and the date of the meeting) or such lesser period as may be required to enable the Company to give any instructions, directions, consent or response to the Service Providers in accordance with the terms of the Servicing Agreements and such notice shall specify the place, the day and the hour of the meeting, and the nature of the business to be discussed thereat.

6.15 This Clause 6 shall apply to any subsidiary undertaking of the Company mutatis mutandis provided that for such purposes the term "Shareholders" shall continue to have the meaning set out in Clause 2.

7. **AerCap Warranties**

7.1 In consideration of LoadAir agreeing to enter into this Agreement, AerCap warrants to LoadAir in the terms of the AerCap Warranties.

7.2 Immediately prior to Completion, AerCap shall be deemed to warrant to LoadAir in the terms of the AerCap Warranties. For this purpose only, where in an AerCap Warranty there is an express or implied reference to "the date of this Agreement", that reference is to be also construed as a reference to the "date of Completion".

7.3 Each of the AerCap Warranties is to be construed separately, independently and without prejudice to any other AerCap Warranty and to any matter expressly provided for under this Agreement but is otherwise subject to no qualification whatever.

7.4 Subject to Clause 7.6, AerCap shall not be liable in respect of any claim pursuant to the AerCap Warranties (a "**Relevant Claim**"):

(a) if the amount of the Relevant Claim does not exceed US$500,000;

(b) unless the aggregate amount of all Relevant Claims for which AerCap would otherwise be liable exceeds US$1,000,000 and in the event that the aggregate amount exceeds US$1,000,000, AerCap shall be liable only for the excess; or

(c) to the extent that the aggregate liability of AerCap in respect of all Relevant Claims would exceed US$50,000,000.

7.5 Subject to Clause 7.6, AerCap shall be not liable in respect of a Relevant Claim unless it has been given written notice of the Relevant Claim (containing reasonable details of the grounds on which the Relevant Claim is made) not later than 5 p.m. on the second anniversary of Completion. A Relevant Claim so notified and not satisfied settled or withdrawn shall be unenforceable against AerCap on the expiry of the period of nine months starting on the day of such notification unless proceedings in respect of the Relevant Claim have been issued and served on AerCap.

7.6 In the case of fraud by AerCap giving rise to a claim pursuant to the AerCap Warranties its liability in respect of such claim shall not be limited as set out in Clause 7.4 or Clause 7.5.

7.7 AerCap shall not be liable in respect of a Relevant Claim:

(a) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for an act, omission or transaction after Completion by a member, director, employee or agent of any member of the LoadAir Group;

(b) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for the passing of, or a change in, after the date of this Agreement a law, regulation or administrative practice of a government, governmental department, agency or regulatory body, in each case not actually or prospectively in force at the date of this Agreement;

(c) to the extent that the matter giving rise to the Relevant Claim arises wholly or partially from an act, omission or transaction before or after Completion at the written request or with the written consent of a member of the LoadAir Group;

(d) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for any change in the rate of taxation and/or practice of any relevant tax or revenue authority made after the Completion Date with retroactive effect and not in force or announced as coming into force at the date of this Agreement; or

(e) to the extent that the matter giving rise to the Relevant Claim is a matter in respect of which a member of the LoadAir Group or the Company has recovered any amount from a person other than AerCap whether under a provision of applicable law, insurance policy or otherwise.

7.8 If AerCap pays to LoadAir an amount in respect of a Relevant Claim and any member of the LoadAir Group or the Company (the "**Recipient**") subsequently recovers from another person an amount which relates to the matter giving rise to the Relevant Claim:

(a) if the amount paid by AerCap in respect of the Relevant Claim is equal to or more than the amount recovered, LoadAir shall immediately pay to AerCap an amount equal to the sum recovered (less reasonable costs incurred by LoadAir in recovering such amount); and

(b) if the amount paid by AerCap in respect of the Relevant Claim is less than the amount recovered, LoadAir shall, within 10 Business Days of the date of recovery pay to AerCap an amount equal to the amount paid by AerCap (less reasonable costs incurred by the Recipient in recovering such amount).

7.9 AerCap undertakes to LoadAir that it will disclose forthwith (after becoming aware of it) in writing to LoadAir any matter or thing which may arise or become known to it after the date of this Agreement and before Completion which would be inconsistent with any of the AerCap Warranties as if they were repeated on Completion.

7.10 (a) If any of the AerCap Warranties is not or was not true, complete, accurate in all material respects at the date of this Agreement or immediately prior to Completion such that the aggregate liability of AerCap in respect of a claim on foot of such breach would exceed US$50,000,000, LoadAir shall have a right to terminate this Agreement. If LoadAir does not exercise this right, each party shall proceed to Completion as far as is practicable but without prejudice to its rights (whether under this Agreement, generally, or under this clause).

(b) LoadAir shall not have the right to terminate this Agreement in the event of any breach of the AerCap Warranties other than as provided in Clause 7.10(a).

(c) The rights and remedies of LoadAir in respect of a breach of any of the AerCap Warranties shall not be affected:

(i) by Completion; or

(ii) by LoadAir terminating this Agreement pursuant to Clause 7.10(a),

except by a specific and duly authorised written waiver or release by LoadAir.

7.11 Each Party warrants to each other Party that:

(a) it is validly incorporated with limited liability and is duly incorporated or organised and validly existing under the applicable laws of its jurisdiction of incorporation or organisation and has the power and all necessary governmental and other consents, approvals, licences and authorities under any applicable jurisdiction to own its material assets and carry on its business substantially as it is conducted on the date of this Agreement;

(b) it has full power and authority to enter into and perform this Agreement and any other agreements referred to in this Agreement to which it is a party and no limits on its powers will be exceeded as a result of the taking of any action contemplated by any such agreement;

(c) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents and approvals), in order to enable it lawfully to enter into, exercise its rights and perform and comply

with its obligations contained in this Agreement and any other agreements referred to in this Agreement to which it is a party have been so taken, fulfilled or done and the requisite resolutions of its board of directors have been duly and properly passed at a duly convened and constituted meetings at which all statutory and other relevant formalities were observed to authorise its execution and performance of this Agreement and any other agreements referred to in this Agreement to which it is a party and such resolutions are in full force and effect and have not been varied or rescinded;

(d) when executed, this Agreement and any other agreements referred to in this Agreement to which it is a party, will constitute legal, valid and binding obligations on it in accordance with their terms; and

(e) neither the execution nor the delivery of this Agreement and any other agreements referred to in this Agreement to which it is a party, nor the carrying out of any transaction or the exercise of any rights or the performance of any obligations contemplated by this Agreement and any other agreements referred to in this Agreement to which it is a party will result in:-

(i) violation of any law to which it is subject;

(ii) any breach of any of its constitutional documents;

(iii) any breach of any deed, agreement, instrument or obligation made with or owed to any other person; or

(iv) any breach of any order, judgment or decree of any Court or governmental agency to which it is a party or by

which it is bound; and

(f) it is not involved in or engaged in any litigation, arbitration or other legal proceedings of a litigious nature (whether as plaintiff, claimant or defendant and whether civil, criminal or administrative) which is likely to be adversely determined and, if adversely determined, would have an adverse effect on its ability to perform its obligations under this Agreement and any other agreements referred to in this Agreement to which it is a party.

7.12 No person to whom AerCap transfers or disposes of Shares shall have any liability under or in respect of the AerCap Warranties whether under a Deed of Adherence or otherwise.

8. **Provision of information to the Shareholders**

8.1 The Company shall supply the Shareholders with the following information (in addition to the information referred to in Clause 10):

(a) the audited accounts of the Company and the audited consolidated accounts of the Group for each financial year (together with copies of any management letters produced by the Auditors in connection with the annual audit) as soon as practical, and at the latest by four months after the end of that financial year; and

(b) quarterly management accounts for the Group consisting of a balance sheet, profit and loss account, cashflow statement and cashflow forecast for the following three months together with a review of the relevant Business Plan, a comparison against actual results and a summary of material contracts entered into by the Group in that quarter as soon as practical, and at the latest by six weeks after the end of each quarter.

8.2 Each Shareholder and each Director shall be entitled to examine the books and accounts kept by each member of the Group during normal business hours and on reasonable prior notice and shall be permitted to take and remove copies of such books and accounts.

8.3 Each Director appointed by a Significant Shareholder shall be entitled to exercise all rights of the Company under the Services Agreement to make enquiries of and receive information from the Service Providers.

8.4 Each Shareholder and Director shall be entitled to have at all reasonable times the facility of remote electronic access to the contract management and other appropriate systems of the AerCap Group relating to the Aircraft and the Business but only to the extent that those systems give access to information relating solely to the Aircraft and the Business.

8.5 (a) Subject to Clause 8.5(b) a Director may pass any information received from the Group or a party to the Services Agreement to a Shareholder and a Shareholder may pass any information received from the Group or a Director to:

(i) any member of the Shareholder Group;

(ii) any adviser to, trustee or manager of any member of the Shareholder Group;

(iii) the Shareholder's investment adviser and any of its other professional advisers; and

(iv) any prospective purchaser of the Shares of the Shareholder or any investor or prospective investor in any member of the Shareholder Group.

(b) No information which comprises Airbus Confidential Information shall be disclosed to a person pursuant to Clause 8.5(a) unless that person shall have entered in a confidentiality agreement with respect to such information either with Airbus or, if Airbus so agrees, with the Company and in either case in a form satisfactory to Airbus.

9. **Conduct of the Company's affairs**

9.1 Each Shareholder undertakes to each other Shareholder that it shall comply with its obligations under this Agreement and shall exercise all voting rights and other powers of control available to it in relation to the Company and the Directors or otherwise so as to procure (insofar as it is able by the exercise of such rights and powers) that at all times during the term of this Agreement:

(a) no member of the Group undertakes any matter referred to in Part A, Part B or Part C of Schedule 4 unless the consent requirements in respect of that matter specified to Schedule 4 have been satisfied;

(b) full effect is given to the terms and conditions of this Agreement;

(c) the business of the Group:

(i) consists exclusively of the Business;

(ii) is properly managed and carried on in an effective and businesslike manner in accordance with Clause 2.2;

(iii) is carried on in compliance with all applicable laws;

(d) the operation, expansion and development of the Business is controlled by the Company and that the Company does not enter into any contract or transaction whereby the Business would or might be controlled otherwise than by the Board;

(e) subject to the Services Agreements, each member of the Group keeps books of account and makes true and complete entries in those books of all its dealings and transactions of and in relation to its business and, where applicable, the business of any other relevant member of the Group;

(f) each Shareholder is supplied with information and access in accordance with Clause 8;

(g) each member of the Group complies with the provisions of its memorandum and articles of association;

(h) at least 4 Board meetings are held each year and that, in any case, the intervals between Board meetings shall not exceed 4 months;

(i) subject to Clause 6.12 each member of the Group is insured with an insurer approved by the Insurance Servicer under the Servicing Agreement against appropriate risks to the extent and in accordance with good commercial practice in each case as recommended by the Insurance Servicer and remains so insured at all times;

(j) no disposal of Shares is made or registered other than in compliance with Clause 15 and the Articles, as applicable; and

(k) the Company is managed and controlled in Ireland and that all Board meetings are held in Ireland.

9.2 Clause 9.1(a) shall have effect notwithstanding, and prevail over, any other provision of this Agreement and, as between the Shareholders, any provision of the Articles.

9.3 Neither the entry by any party into, nor the performance by it of its obligations or the exercise by it of its rights or entitlements under, the Services Agreements or any of them shall constitute a breach of any term or provision of this Agreement.

9.4 To the extent to which it is able to do so by law, the Company undertakes with each of the Shareholders that it will comply with each of the provisions of this Agreement and that it will procure that no matter set out in Part B or Part C of Schedule 4 occurs unless the consent requirements applicable to that matter pursuant to Schedule 4 have been satisfied. Each undertaking by the Company in respect of each provision of this Agreement shall be construed as a separate undertaking and if any of the undertakings is unlawful or unenforceable the remaining undertakings shall continue to bind the Company.

10. Business Plan

10.1 No later than the Draft Business Plan Date the Company shall procure that there shall be prepared in accordance with the Services Agreements and delivered to the Board and each Shareholder a draft Business Plan for that financial year which shall contain the information set out in Clause 10.5. Unless the Board otherwise determines the financial year end of the Company shall be 31 December and if the financial year end of the Company is changed to a date other than 31 December, the dates referred to in Clause 10.1 and 10.2 shall be changed to permit the same period of time for consideration and approval of the draft Business Plan.

10.2 Within 10 Business Days of receiving a draft Business Plan, or, if later, the date (being no later than 30 November in the year before the start of the financial year) on which each Director receives reasonably satisfactory responses to any reasonable queries on the draft Business Plan which may have been raised by the Board or any Director, the Board shall approve the draft Business Plan subject to any amendment which it deems appropriate, whereupon it shall become the Business Plan for the next financial year.

10.3 Any Director may exercise any rights of the Company pursuant to the Services Agreement to seek clarification of any matter included in a draft Business Plan.

10.4 The Board may make written changes to a Business Plan at any time during the financial year to which that Business Plan relates and such changes shall be dealt with in accordance with the Servicing Agreement.

10.5 The information to be contained in a draft Business Plan includes:

(a) a strategy paper recommending how to develop the current and future aircraft portfolio of the Company in terms of additions, disposals and possible deferrals in order to achieve the objectives of the Business;

(b) a marketing plan prepared by the Servicer showing the macro and micro situation for the financial year to which the draft Business Plan relates in detail and the following two years in prospect insofar as it will affect placement of the Aircraft being delivered or in respect of which the leases are due to terminate or expire during such period, together with

a commentary on the outlook for the Aircraft and any other relevant facts or analysis;

(c) a technical report covering macro and micro developments affecting the portfolio Aircraft and future deliveries, including details of any significant developments of the Airbus and competing narrowbody families, plus any

widebody market sectors in which current or future Aircraft types will compete;

(d) details of any actual or anticipated legal disputes involving a Group Member as lessor and a Lease (as defined in the Servicing Agreement) and the extent to which they are expected to affect the Aircraft and Business Plan (net of insurance recoveries);

(e) the proposed budgets specified in Clause 7.3(d) of the Servicing Agreement;

(f) a set of projected servicing fees for the applicable period, together with a good faith estimate of the additional reimbursable expenses to be charged to the Company;

(g) an update of the annual projected results for the Company's portfolio of Aircraft to 2014 (or to such other date as may be communicated by the Company to the Administrative Agent by 1 July in the year before the start of the relevant financial year) based on the Model whose assumptions shall have been amended to reflect the latest anticipated market conditions and the recommendations submitted to the Board by the Cash Manager; and

(h) such additional analysis, facts or data as the Service Providers in their sole discretion consider the Board should consider or be aware of or which the Board has requested the Service Providers to provide in accordance with the Services Agreements.

11. **Staff**

The Company shall have no staff.

12. **Dividend policy**

12.1 Subject to Clause 18, the Shareholder shall procure that the profits of the Company available for distribution in accordance with law shall be distributed to the maximum amount permissible by law provided that the Board shall have formed the view that the payment of any such distribution can reasonably be made having regard to the Company's then current and prospective obligations and in accordance with the Company's obligations to third party lenders.

12.2 The Shareholders shall procure that the Board shall not declare any other dividend in respect of a Share before it has paid the Initial Dividend (including any accrued Initial Dividend) in accordance with this Clause 12 provided that the declaration of the Initial Dividend shall be subject to the restrictions and considerations set out in Clause 12.1.

12.3 In Clause 12.2 the Initial Dividend shall mean an annual cumulative dividend payable on a Share at the rate of 8% per annum of the nominal value of that Share with effect from the date of issue of that Share.

12.4 Clause 12.1 shall apply to any subsidiary undertaking of the Company mutatis mutandis, provided that for such purposes, the term "Shareholders" shall mean the parent undertaking of such subsidiary undertaking.

13. **Financing of the Company**

13.1 The Shareholder Capital shall be applied by the Company in accordance with the Business Plan.

13.2 Each Shareholder shall deliver the Initial Shareholder Capital Security to the Company on or before the Security Delivery Date. AerCap will use its reasonable endeavours to seek to persuade Airbus to accept a guarantee from Al Fawares in suitable form as the Initial Shareholder Capital Security in relation to LoadAir, it being accepted by each of AerCap and LoadAir that Airbus may decide in its sole discretion not to accept such a guarantee for such purposes.

13.3 (a) The Shareholders and the Company shall procure that on or before the date by which any tranche of the Secured Initial Shareholder Capital is scheduled in the Equity Drawdown Schedule to be contributed (the "**Scheduled Date**"):

(i) the Cash Manager shall:

(A) not less then 45 days before the Scheduled Date issue a notice in writing requiring each Shareholder to pay to the Company the Agreed Proportion of that tranche of the Secured Initial Shareholder Capital (the "**Initial Call Amount**") by a date no more than 10 Business Days before the Scheduled Date (the "**Required Payment Date**"); and

(B) if any Shareholder fails to pay the Initial Call Amount by the Required Payment Date, make a call on the Initial Shareholder Capital Security provided by that Shareholder for the Initial Call Amount; and

(ii) on the later of the date of receipt of an Initial Call Amount by the Company and the Scheduled Date, the Board shall issue to the Shareholder in respect of which the Initial Call Amount has been paid, Shares fully paid at par having a nominal value equal to the amount of that Initial Call Amount.

(b) In the event that:

(i) the Secured Initial Shareholder Capital is to be called in more than one tranche pursuant to Clause 13.3(a); and

(ii) a Shareholder who has provided Third Party Security in respect of its obligation to pay the Secured Initial Shareholder Capital pays the Initial Call Amount in respect of that tranche and the Cash Manager is not required to make a call on such Third Party Security in respect thereof,

the Shareholder shall be entitled to reduce the amount to which such Third Party Security relates by the amount of the Initial Call Amount.

13.4 (a) On any date on or before a Financing Start Date the Cash Manager shall by notice in writing (the " **Call Notice**") require that each Shareholder shall pay to

the Company no later than ten Business Days before the Relevant Quarter (the " **Due Date**"), the Agreed Proportion of the Additional Shareholder Capital Tranche (the "**Call Amount**") provided that the Agreed Proportion shall be determined by reference to the shareholdings in the Company as at the date of the Call Notice.

(b) Each Shareholder undertakes to each other Shareholder to pay the Call Amount as set out in any such Call Notice in the manner specified in the Call Notice.

(c) The Board shall issue to a Shareholder who pays a Call Amount, Shares fully paid at par having a nominal value equal to the Call Amount.

(d) Each Shareholder shall provide to the Cash Manager no later than 30 Business Days prior to any quarter specified in the Equity Drawdown Schedule proof that it has sufficient liquid funds or committed funding in an amount sufficient to discharge the amount specified in the Call Notice.

13.5 The Shareholders shall ensure that the Company uses all reasonable endeavours to procure that its requirements for capital to finance the Business in excess of the Initial Shareholder Capital and the Additional Shareholder Capital are met as far as practicable by borrowings on a non-recourse basis to the Shareholders from banks, financial institutions and other customary sources of aviation finance including the Export Credit Agencies. Such borrowings shall be sought and obtained in accordance with the Cash Management Agreement.

13.6 Notwithstanding any other provision of this Clause 13, the provisions of Clause 13 do not constitute any undertaking from any Shareholder to the Company or the Group to provide the Additional Shareholder Capital or any part thereof or any funds (other than the Initial Shareholder Capital) to the Company or the Group or to give any guarantee, security, indemnity or other support in respect of any of the liabilities or obligations of any member of the Group.

14. **Distressed Aircraft**

14.1 The Company shall procure that the Servicer shall:

(a) notify each Shareholder if the Company becomes entitled under the Aircraft Purchase Agreement to acquire a distressed aircraft (the "**Distressed Aircraft**"); and

(b) prepare and provide to each Shareholder a summary of the terms of the proposed acquisition, a summary of the Distressed Aircraft specification and a proposal for such changes to the Business Plan as appear to the Servicer to be required in order for the Company to be able to acquire the Distressed Aircraft (the "**Business Plan Changes**")

in each case within three Business Days of such entitlement arising.

14.2 AerCap shall provide to each other Shareholder full details of any data procured or any analysis prepared by it for the purposes of its own evaluation of any entitlement

which may accrue to it pursuant to Clause 14.5(a) on the same day such details become available to AerCap.

14.3 Provided that all Shareholders expressly approve the Business Plan Changes within 6 Business Days of receipt of notification and the proposal for the Business Plan Changes, the Company shall exercise the entitlement of the Company to acquire the Distressed Aircraft.

14.4 The Shareholders shall within 10 Business Days from the date that all Shareholders have approved the Business Plan Changes (or so much earlier as the Business Plan Changes provide) provide any Additional Shareholder Capital required pursuant to the Business Plan Changes in accordance with Clause 13 (mutatis mutandis) and for the avoidance of doubt a failure to provide such Additional Shareholder Capital shall be a Financing Event of Default.

14.5 If any one or more Shareholders ("**Declining Shareholder**") shall not approve the Business Plan Changes within the time limit set out in Clause 14.3 AerCap and LoadAir (provided that either of them is not a Declining Shareholder) will enter into good faith negotiations and use reasonable endeavours to agree terms on the basis of which they would acquire the Distressed Aircraft together and if they fail to agree such terms:

(a) in the case of the first Distressed Aircraft to be considered under this Clause 14, AerCap (provided that it was not a Declining Shareholder) shall be entitled to acquire the Distressed Aircraft provided that if AerCap was a Declining Shareholder or does not wish to exercise its entitlement as aforesaid LoadAir shall be entitled to acquire the Distressed Aircraft; and

(b) in the case of the second Distressed Aircraft to be considered under this Clause 14, LoadAir (provided that it was not a Declining Shareholder) shall be entitled to acquire the Distressed Aircraft provided that if LoadAir was a Declining Shareholder or does not wish to exercise its entitlement as aforesaid AerCap shall be entitled to acquire the Distressed Aircraft; and

provided that paragraph (a) shall apply to the third Distressed Aircraft to be considered under this Clause 14 and paragraph (b) shall apply to the Fourth Distressed Aircraft and so forth in sequence thereafter and in each case the Company will procure that Airbus is notified in a timely fashion of the identity of the acquirer of the Distressed Aircraft.

14.6 In the event that the exercise (the "**Exercise**") by a Shareholder of any rights under Clause 14.5 alone ("**Sole Reconfirmation Right**") or together with the acquisition by the Company of a Distressed Aircraft and/or with exercise by another Shareholder of a right under Clause 14.5 ("**Joint Reconfirmation Right**") entitles the Company to a Reconfirmation Right under the Aircraft Purchase Agreement and the Company does not exercise that reconfirmation right the Company shall pay to that Shareholder within 7 Business Days from the last day such Reconfirmation Right was exercisable, in case of a Sole Reconfirmation Right, the Reconfirmation Right Compensation and in case of a Joint Reconfirmation Right, a proportionate share of the Reconfirmation Right Compensation provided for the avoidance of doubt that the Company shall not be entitled to any part of the Reconfirmation Right Compensation and further

provided that a Shareholder shall not be entitled to any part of the Reconfirmation Right Compensation unless:

(a) as at the date of the Exercise the Company has earned and not exercised less than 10 (ten) Reconfirmation Rights under the Aircraft Purchase Agreement; and

(b) any Reconfirmation Rights which have been earned by the Company as at the date of the Exercise through the acquisition by the Company of Distressed Aircraft under the Aircraft Purchase Agreement have been used by the Company (that is they shall not be exercised by the Company) before any Reconfirmation Rights accruing to the Company as a result of an exercise by a Shareholder of its rights under Clause 14.5 are used by the Company.

14.7 In this clause "**Reconfirmation Right Compensation**" means US$500,000.

14.8 The rights of AerCap and LoadAir under Clauses 14.5 and 14.6 are personal to each of them and their Related holders (including in the case of Load Air the Nominated Company) and no person (other than a Related holder) to which AerCap or LoadAir transfers Shares shall become entitled to such rights whether by entry into a Deed of Adherence or otherwise.

15. **Issues and Transfers of Shares**

15.1 Unless each Significant Shareholder agrees otherwise in writing, the Agreed Proportion of all new Share issues shall before issue be offered to each Shareholder.

15.2 Each Shareholder undertakes to each other Shareholder that it will not, without the prior written consent of each other Significant Shareholder (subject to Clause 15.3) dispose of any interest in or create any Encumbrance over the Shares registered in his name other than transfers permitted or required by this Agreement and (save to the extent that they are modified or qualified by this Agreement) the Articles and made in compliance with this Clause 15.

15.3 For the purposes of Clause 15.2, each Shareholder undertakes with and covenants to the other Shareholder that it will not withhold its consent to the granting of a mortgage, charge or other security interest (a "**Security Interest**") over the Shares held by that Shareholder where:-

(a) the person in whose favour the Security Interest is to be granted satisfies the minimum net worth criteria set out in Article 15.9(a)(i) provided that the reference to the number of Sale Shares in the definition of "**Relevant Amount**" shall be deemed to be a reference to the number of Shares in respect of which the Security Interest is to be granted;

(b) the Security Interest is granted only for the purposes of raising finance; and

(c) the Security Interest only permits the exercise by a person, other than the Shareholder, of the Relevant Rights attaching to the Shares if there has been an event of default under the document by which the Security Interest has been granted where "**Relevant Rights**" means any right to attend at any meeting, to vote (whether in a show of hands or on a poll and whether

exercisable at a general meeting of the Company or at a separate meeting of the class in question) or to appoint any director.

15.4 Except with the consent of each Significant Shareholder, no Shares shall be allotted, issued or transferred to any person who is not already a party to this Agreement (a "**New Shareholder**") unless:-

(a) such allotment, issue or transfer is in compliance with this Agreement and (save to the extent that they are modified and qualified by this Agreement) the Articles; and

(b) at the time of or prior to such allotment, issue or transfer the New Beneficial Owner (being the New Shareholder or, if it is a nominee of another person, that other person) enters into a Deed of Adherence and if the Secured Initial Shareholder Capital has not been paid in full to the Company provides Initial Shareholder Capital Security in respect of the Agreed Proportion of the Secured Initial Shareholder Capital (the "**Replacement Security**"), provided that in the case of a transfer of Shares which complies with the provisions of this Clause 14.5, the transferor of the Shares shall be entitled to a release (or, as the case may be, the partial release) of the Initial Shareholder Capital Security in the amount of the Replacement Security.

15.5 Each of AerCap and LoadAir or, as the case may be, its Related holders (a "**Transferor**") may transfer Shares to one or more persons by way of one or more transactions in the period to two years after Completion without being required to comply with Article 15 provided that:

(a) the aggregate number of Shares which a Transferor may transfer pursuant to this Clause 15.5 shall not comprise more than 25% of the total number of Shares in issue;

(b) the requirements of Article 15.9(a)(i), 15.9(a)(ii) (where the relevant Original Holder is LoadAir), 15.9(a)(iii) (where the relevant Original Holder is AerCap) and 15.9(iv) are met; and

(c) where AerCap is the Transferor, AerCap shall procure, before the transfer is made and lodged for registration, that the proposed transferee (the "**Transferee**") has made an unconditional offer (the "**Tag-Along Offer**") to each of the other Shareholders to purchase from that Shareholder such number of Shares as represents the Agreed Proportion in respect of that Shareholder of the number of Shares which AerCap proposes to transfer (the "**Transfer Number**") to the Transferee on the same terms and conditions (including as to price) as shall have been agreed between AerCap and the Transferee (the "**Agreed Terms**") and the Tag-Along Offer shall remain open for acceptance for not less than 15 Business Days (the "**Acceptance Period**") PROVIDED THAT:

(i) if the Tag-Along Offer is accepted by a Shareholder (an "**Accepting holder**") to which it is made within the Acceptance Period the number of Shares which AerCap shall transfer to the Transferee shall be reduced accordingly so that the aggregate number of Shares transferred

by AerCap and all of the Accepting Holders to the Transferee on foot of the foregoing provisions shall equal the Transfer Number; and

(ii) if the Tag-Along Offer is not accepted by the Shareholders to which it is made within the Acceptance Period AerCap may proceed with the transfer to the Transferee of the Transfer Number of Shares;

(iii) in determining the price paid or agreed to be paid for the relevant Shares under the Agreed Terms, there shall be included in each case an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by AerCap (or persons connected with it, or persons acting in concert with it) which, having regard to the substance of the transaction as a whole, can reasonably be regarded as forming part of the consideration for the Shares to be transferred and AerCap shall be obliged to disclose details of such other consideration to the other Shareholders; and

(iv) in the event of disagreement in relation to identification of the Agreed Terms (including disagreement as to the

price paid or agreed to be paid for the relevant Shares), the identification of the Agreed Terms shall be referred to the Valuers at the request of any of the parties concerned. The Valuers shall act as experts and not as arbitrators and their determination shall be final and binding. Each of the parties concerned shall provide the Valuers with whatever information they reasonably require for the purpose of their determination.

15.6 Article 17.1 shall apply mutatis mutandis for the purposes of determining whether a Tag-Along Offer is required to be or ought to have been made by AerCap. If the Board makes an enquiry pursuant to Article 17.1 and the purpose of the enquiry was to establish whether a Tag-Along Offer is required to be or ought to have been made, and the Board determines to its reasonable satisfaction, on the basis of the information or evidence furnished to it pursuant to Article 17.1, that a Tag-Along Offer is required or ought to have been made, the Board shall give written notice to the Shareholder or Shareholders which are required to or ought to have made the Tag-Along Offer (the "**Defaulting Holder(s)**") requiring that Defaulting Holder(s) make such a Tag-Along Offer within 14 days of the date of the notice. If such a Tag-Along Offer is not made within that 14 day period, then any Shares held by the Defaulting Holder(s) (other than any Shares held by the Defaulting Holder(s) prior to the obligation to make a Tag-Along Offer arising) shall immediately cease to confer upon the Defaulting Holder(s) (or any proxy) any rights:-

(a) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at a separate meeting of the class in question); or

(b) to receive dividends or other distributions (other than the nominal value of such shares upon a return of capital),

otherwise attaching to such Shares or to any further Shares issued in right of such Shares or in pursuant of an offer made to the Defaulting Holder(s) PROVIDED THAT such rights shall be immediately re-instated in respect of any such Shares upon

the Tag-Along Offer having been made in accordance with Clause 15.5 (save for the timing of the making of the Tag-Along Offer).

15.7 AerCap covenants with LoadAir that it will not without the prior written consent of LoadAir in its sole discretion sell or otherwise dispose of any Shares or any interest in Shares, whether under the provisions of this Clause, under the Articles or otherwise if as a result of such sale or disposal the Shares held by it and its Related holders (in aggregate) would fall below 25% of all of the issued Shares from time to time.

15.8 Each of AerCap and LoadAir acknowledge that the other of them intends to sell or transfer Shares to one or more third parties in accordance with Clause 15.5. Each of them agrees to co-operate and to co-ordinate in good faith with the efforts of the other to identify and negotiate with suitable third parties for such purposes in so far as is reasonably practicable and to the extent consistent with its own objectives and requirements and to act reasonably in considering amendments to this Agreement or the Articles proposed by the other for the purposes of such a sale or transfer. In particular AerCap shall procure that the Service Providers will provide such information and support in relation to any proposed sale by LoadAir or by LoadAir and AerCap together as they would be required to provide under 2.3 of the Services Agreement to the extent applicable provided that:

(a) AerCap shall not be obliged to procure that the Service Providers shall provide such information and support more than twice in the two year period commencing on the date hereof, or more than once per year at any time after the expiry of such period provided that on any one such occasion physical presentations to potential investors shall be provided for a period of no more than one week unless otherwise agreed between AerCap and LoadAir;

(b) if the proposed transaction involves the sale of Shares by both LoadAir and AerCap, AerCap and LoadAir shall reimburse the Service Providers for all out of pocket expenses incurred by them arising from the provision of such information and support in the proportion to the number of Shares sold by each of them;

(c) if the proposed transaction involves the sale of Shares by LoadAir but not AerCap, LoadAir shall reimburse the Service Providers for all out of pocket expenses incurred by them arising from the provision of such information and support, plus a further fee equal to 5% of the amount by which the price paid to LoadAir for such sale (in respect of which information and support are provided) exceeds an amount equal to the nominal value of the relevant Shares compounded at the rate of 25% per annum from the date of issue of such Shares and provided that in determining the price so paid Clause 15.5(c)(iii) and 15.5(c)(iv) shall apply mutatis mutandis; and

(d) if LoadAir requests the assistance of AerCap or the Service Providers more frequently than that outlined in Clause 15.8(a), any payment to be made by LoadAir therefor shall be agreed at the relevant time.

16. **Default**

16.1 Each of the Shareholders undertakes that it shall notify the Company and the other Shareholders as soon as reasonably practicable after it becomes aware that it has committed or suffered an Event of Default.

16.2 If a Shareholder (the "**Defaulting Shareholder**") commits or suffers a Financing Event of Default Article 17.3 shall have effect.

16.3 If a Shareholder (the "**Defaulting Shareholder**") commits or suffers an Event of Default other than a Financing Event of Default at any time within six months of becoming aware of the Event of Default, any other Shareholder may serve a written notice on the Defaulting Shareholder requiring that the Defaulting Shareholder and each of its Permitted Transferees offer to transfer all of their Shares in accordance with Article 15. Upon service of such a notice, the Defaulting Shareholder and each of its Permitted Transferees shall immediately be deemed to have given a Transfer Notice in accordance with Article 15 and the provisions of Article 15 shall apply accordingly, provided that:

(a) the Transfer Notice shall be deemed to be in respect of all (but not part only) of the Shares held or beneficially owned by the Defaulting Shareholder or the Permitted Transferee (as the case may be) (the "**Sale Shares**");

(b) the Transfer Price shall be the Fair Value of the Sale Shares;

(c) if the offer made pursuant to Article 15.5(a) is not accepted within the period referred to in Article 15.5(a), the Transfer Notice shall be deemed to have been withdrawn.

16.4 The application of this Clause 16 shall be without prejudice to any other rights which the Shareholders other than the Defaulting Shareholder or any of them may have against the Defaulting Shareholder in relation to the relevant Event of Default.

16.5 If a Transfer Notice is deemed to have been given in accordance with Clause 16.3, the Transfer Notice shall be deemed to have been given:-

(a) in cases within paragraph (b) of the definition of "Event of Default", immediately prior to the occurrence of the relevant Insolvency Event; and

(b) in all other cases within the definition of "Event of Default", upon the occurrence of the relevant event.

17. **Deadlock**

17.1 Where a proposed transaction or course of action by the Company requires the consent of the Shareholders pursuant to this Agreement or otherwise and:-

(a) a Shareholder refuses to provide the consent within ten Business Days of being first asked to do so; and

(b) in the reasonable opinion of any Shareholder which is, or Shareholders which together are, the beneficial owner(s) of 50% or more in nominal value of the

Shares or, if the Shares are beneficially owned by two Shareholders equally, either such Shareholder, the inability of the Company to proceed with the proposed transaction or course of action has the effect of preventing the Company from continuing to effectively carry on the Business, any Shareholder may give the other Shareholders written notice (a "**Deadlock Notice**") to the effect that a deadlock exists.

17.2 Within twenty Business Days of the service of a Deadlock Notice, each of the Shareholders shall cause its appointees on the Board to prepare and circulate to the other Shareholders and the other Directors a written statement setting out its position on the matter in dispute and its reasons for adopting such position (each a "**Position Statement**"). Each Position Statement shall be considered by the Chief Executive Officer of each Shareholder then holding office who shall respectively use their reasonable endeavours to resolve such dispute. If they agree upon a resolution or disposition of the matter, they shall jointly execute a statement setting forth the terms of such resolution or disposition and the Shareholders shall exercise the voting rights and other powers of control available to them in relation to the Company to procure that such resolution or disposition is fully and promptly carried into effect.

17.3 If a resolution or disposition is not agreed in accordance with the provisions of Clause 17.2 within 14 days after delivery of the last of the Position Statements, or such longer period as the Shareholders may agree in writing, then any Shareholder may require that the matter(s) in dispute be the subject of a mediation in accordance with the Model Mediation Procedure and Agreement (the "**Mediation Rules**") of the Centre for Effective Dispute Resolution ("**CEDR Solve**") by serving written notice to this effect on the other Shareholders (a "**Mediation Notice**").

17.4 A mediation under this Agreement (a "**Mediation**") shall be conducted in accordance with the procedure in the Mediation Rules amended to take account of any relevant provisions of this Agreement including, without limitation, the provisions of this Clause 17. If the Shareholders are unable to agree on any such amendment within 10 Business Days of the date of the Mediation Notice, such terms shall be decided by CEDR Solve after consultation with the Shareholders.

17.5 A Mediation shall commence not later than 28 days after the date of the Mediation Notice.

17.6 No party may commence any court proceedings in relation to any matter which is the subject of a Deadlock Notice unless such matter has been the subject of a Mediation and such Mediation has terminated without the conclusion of a binding settlement agreement between the Shareholders resolving the dispute which is the subject of the Deadlock Notice.

17.7 Any Mediation Notice served under this Agreement shall be copied to CEDR Solve within five Business Days of service.

17.8 Any Mediation shall take place in London and the language of the mediation will be English. The courts of Ireland have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with any Mediation and any settlement agreement entered into as a result

of any Mediation and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Ireland.

17.9 If a Mediation is terminated without resolution of the matter which was the subject of the relevant Deadlock Notice, for the period of 30 days following such termination (the "**Dissolution Period**") the Shareholders shall attempt to reach agreement on the most appropriate mechanism to dissolve the joint venture between them in a manner satisfactory to the Shareholders, either by the transfer of all of the Shares of one or more of the Shareholders, the transfer of all of the issued Shares or the splitting of the Group's business, assets and liabilities between the Shareholders or on any other basis considered acceptable by the Shareholders.

17.10 If no agreement is reached pursuant to Clause 17.9, the issued Shares shall be valued in accordance with Article 16. Each Shareholder shall be entitled, within 20 Business Days of notification of the Fair Value of the Shares, to make an offer to purchase all of the Shares of the other Shareholders (an "**Offer**") at a price per Share to be stated in a notice in writing to each other Shareholder (the "**Offer Notice**"). In the event that:

(a) any one or more Offers equals or exceeds the Fair Value, the highest Offer shall be deemed to be accepted by each of the Shareholders other than the Shareholder who made that Offer and the Shareholders shall complete the sale and purchase of the Shares on the earlier of:

(i) the day 40 Business Days after the notification of the Fair Value of the Shares; and

(ii) the date on which any consent permission or approval of any regulatory authority required by law for the sale and purchase have been obtained

provided that the provisions of Article 15.6 shall apply to transfers of Shares pursuant to such deemed acceptance mutatis mutandis; and

(b) no Offer exceeds the Fair Value, the Shareholders shall be free to accept any Offer which has been made at any time during the period of 20 Business Days after the date of the Offer Notice containing that Offer provided that all of the Shareholders (other than the Shareholder who made that Offer) accept such Offer during that period and in that event the Shareholders shall complete the sale and purchase of the Shares on the earlier of:

(i) the day 30 Business Days after the date of the Offer Notice; and

(ii) the date on which any consent permission or approval of any regulatory authority required by law for the sale and purchase have been obtained,

provided that the provisions of Article 15.6 shall apply to transfers of Shares pursuant to such acceptances mutatis mutandis.

17.11 If no Shareholder makes an offer pursuant to Clause 17.10 any Shareholder may by notice in writing to the other Shareholders require that the Shareholders procure that their appointees on the Board shall, at the earliest practicable date:

(a) make or concur in the making of a statutory declaration in the terms mentioned in Section 256 of the Companies Act, 1963 (if the state of the Company's affairs admits of the making of such a declaration); and

(b) where the state of the Company's affairs enables the making of the declaration referred to in paragraph (a) above convene an extraordinary general meeting of the Company to consider:

(i) the matter from which the deadlock arose; and

(ii) the passing of a special resolution to place the Company in members' voluntary liquidation,

(iii) such meeting or meetings to be held within 5 weeks after the making of any declaration made pursuant to Clause 17.11(a); and

(c) where the state of the Company's affairs does not enable the making of the declaration referred to paragraph (a) above, convene a meeting of the Company's creditors in accordance with Section 266 of the Companies Act, 1963.

17.12 If, at an extraordinary general meeting referred to in Clause 17.11(b), no resolution is carried in relation to the matter from which the deadlock arose by reason of an equality of votes for and against any proposal for dealing with such matter, the Shareholders

shall vote in favour of the special resolution for winding up the Company.

18. **Facilitation Fee**

18.1 The Company shall pay to AerCap the Facilitation Fee in accordance with this Clause 18 in consideration for introducing the Company to Airbus and facilitating the negotiation of the Aircraft Letter of Intent.

18.2 The Facilitation Fee shall comprise the aggregate of the Relevant Fee Amounts.

18.3 Each Shareholder other than AerCap hereby irrevocably waives in favour of the Company an amount of each Extra ROE Distribution equal to 10% of that Extra ROE Distribution.

18.4 Each Relevant Fee Amount shall be paid to AerCap at the same time as the Payable Extra ROE Distribution is paid to the Shareholder to whom it is payable.

18.5 The Facilitation Fee shall continue to accrue to AerCap if it transfers or disposes of Shares to any other person and no person to whom AerCap transfers or disposes of Shares shall have any right to receive any part of the Facilitation Fee whether under a Deed of Adherence or otherwise.

18.6 In this Clause 18 the following words and expressions shall have the following meanings:

"**Relevant Fee Amount**" means an amount equal to 10% of any Extra ROE Distribution;

"**Extra ROE Distribution**" means, in respect of a Shareholder (other than AerCap), the amount of any distribution (or portion of a distribution) in excess of the ROE Distribution which (save for the provisions of Clause 18.3 and any deduction of withholding tax made) would have been paid to that Shareholder;

"**ROE Distribution**" means, in respect of a Shareholder, an aggregate amount of distributions, dividends, redemption payments, or other payments by the Company in respect of Shares (or portions thereof) other than the proceeds of the sale of Shares which (save for any deduction of withholding tax made) have been received by such Shareholder equal to (x) 108% multiplied by (y) the amount invested in Shares by such Shareholder; and

"**Payable Extra ROE Distribution**" means, in respect of a Relevant Fee Amount, the Extra ROE Distribution to which it relates less the amount of that Extra ROE Distribution waived pursuant to Clause 18.3.

19. **Termination**

19.1 This Agreement shall cease and determine:

(a) on the passing of an effective resolution to wind up the Company or the issue of a binding order for the winding up of the Company;

(b) in respect of a Shareholder, upon the Shareholder ceasing to be beneficial owner of any Shares provided that, the transferee of such Shares shall have entered into a Deed of Adherence;

(c) if all the Shares are held by a single Shareholder.

19.2 Any cessation and determination pursuant to Clause 19.1 shall be without prejudice to the rights, obligations or liabilities of any party which shall have accrued or arisen prior to such cessation and determination.

20. **Confidential Information**

20.1 Each Shareholder undertakes to the other Shareholders and to the Company that:

(a) it shall keep in strict confidence and shall not disclose to any third party any Confidential Information;

(b) it shall not use any Confidential Information for any purpose other than in connection with the Group and its Business or as otherwise contemplated by this Agreement; and

(c) it shall require that all of its employees, agents and any other person it authorises to have access to any Confidential Information will maintain the confidentiality required by its obligations under this Clause.

20.2 Subject to Clause 20.3 the obligations in Clause 20.1 shall not apply where the Shareholder wishing to disclose the Confidential Information can prove that the Confidential Information:

(a) is in the public domain otherwise than as a result of a breach of this Agreement;

(b) was obtained by that party other than pursuant to this Agreement free from restriction from a source permitted to disclose the same;

(c) was developed by an officer, employee or agent of that party independently of and without reference to the Confidential Information;

(d) is required be disclosed pursuant to a statutory obligation, the order of a court of competent jurisdiction or that of a competent regulatory body; or

(e) is to be disclosed to a bona fide current and/or potential purchaser of any Shares, an investor in or lender to the Company or a Shareholder, and any legal and/or professional representatives thereof, provided that any such person is be subject to a confidentiality agreement (on terms usual to such transactions) covering such Confidential Information.

20.3 Each Shareholder undertakes to the other Shareholders and to the Company that it keep all Confidential Information which comprises Airbus Confidential Information in strict confidence and shall not disclose to any third party any such Confidential Information other than as agreed between that Shareholder and Airbus.

20.4 For the avoidance of doubt, Confidential Information shall not be deemed to be in the public domain merely because it is known to a limited number of third parties having experience in the relevant field. In addition, any combination of elements of the Confidential Information shall not be deemed to be within the foregoing exceptions merely because individual elements of the Confidential Information are in the public domain but only if the combination is in the public domain.

20.5 The obligations imposed by this Clause 20 shall continue to apply after the expiration or sooner termination of this Agreement without limit in time.

21. **Costs**

21.1 Each party shall pay its own costs relating to the negotiation, preparation, execution and implementation by it of this Agreement and of each agreement to be entered into pursuant to this Agreement.

21.2 For the avoidance of doubt all out-of-pocket costs of the Company relating to the negotiation, preparation, execution and implementation by it of the Aircraft Purchasing Agreement shall be borne by the Company.

22. **Shareholders' consents and enforcement**

22.1 If a proposed transaction or matter requires the consent or approval of the Shareholders under more than one provision of this Agreement, then a single consent or approval given by each Shareholder to that proposed transaction or matter shall be deemed to cover all consents and approvals required under this Agreement from the Shareholders in respect of that proposed transaction or matter.

22.2 The Shareholders may authorise any person (including a Director) to give written consents and approvals on its behalf and such authorisation may be specific or general in nature and may be revoked at any time and notice of such authorisation or revocation must be communicated in writing to the Company.

22.3 The Company shall supply to the Shareholders all information and documents necessary to enable them to give proper consideration over a reasonable period to any proposed transaction or matter on which their approval is required pursuant to this Agreement taking into account any time limits within which a decision regarding the proposed transaction or matter must be taken.

22.4 Any consent or approval or agreement given or made by or on behalf of a Shareholder shall be given or made in writing.

23. **Continuing obligations**

23.1 Each of the obligations and undertakings given by the Company and the Shareholders pursuant to this Agreement shall continue in full force and effect notwithstanding Completion.

23.2 Any party who has the beneficial interest in Shares held by a nominee who is not a party to this Agreement undertakes to the other parties to this Agreement to procure that the nominee observes the provisions of this Agreement which would be binding on it if it were named in this Agreement as a Shareholder.

24. **Acknowledgements**

Each party acknowledges that damages would not be an adequate remedy for any breach of the undertakings by that party contained in this Agreement and that any other party shall be entitled (in addition to damages) to the remedies of injunction, specific performance and other equitable remedy for any threatened or actual breach of any such undertakings.

25. **Announcements**

25.1 Subject to Clause 25.2, no party may, either before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this Agreement unless it has first obtained the other parties' written consent (not to be unreasonably withheld or delayed) and, if the proposed announcement, communication or circular contains any Airbus Confidential Information, the written consent of Airbus.

25.2 Clause 25.1 does not apply to a public announcement, communication or circular to the extent that it is required by law or by any panel or regulatory body which any

party to this Agreement is a member of or otherwise regulated by or subject to provided that if a party becomes aware of any such requirement to which it is subject it will promptly notify the other parties in writing of that fact and of the nature and extent of the requirement.

26. **Communications**

26.1 Notices or other communications given pursuant to this Agreement shall be in writing and shall be sufficiently given:

(a) if delivered by hand or by courier to the address and for the attention of the person set forth in this Clause of the party to which the notice or communication is being given or, subject to Clause 26.2, to such other address and for the attention of such other person as such party shall communicate to the party giving the notice or communication; or

(b) if sent by facsimile to the facsimile number and for the attention of the person set forth in this Clause of the party to which the notice or communication is being given or, subject to Clause 26.2, to such other facsimile number and for the attention of such other person as such party shall communicate to the party giving the notice or communication.

26.2 Every notice or communication given in accordance with this Clause shall be deemed to have been received as follows:

Means of Dispatch	**Deemed Received**
Delivery by hand or courier:	the day of delivery; and
Facsimile:	when sender receives a completed transmission sheet or otherwise receives a mechanical confirmation of transmission

Provided that if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours (being 9 a.m. to 5 p.m. on a Business Day) such notice or other communication shall be deemed to be given or made at the start of working hours on the next Business Day.

26.3 The relevant addressee, address and facsimile number of each party for the purposes of this Agreement, subject to Clause 27.4 are:

Name of Party	**Address/Fax no**
AerVenture Limited	debis AirFinance House Shannon Ireland FAO: Company Secretary Fax: +353 61 723850

AerCap Ireland Limited	debis AirFinance House Shannon Ireland FAO: Company Secretary Fax: +353 61 723850
International Cargo Airlines Company KSC	Kuwait Free Trade Zone Moevenpick Way Kuwait City P.O. Box 42433 Postal Code 70655 FAO: Chairman and CEO Fax:+965 4613179/4613180

26.4 A party shall notify the other of a change to its name, relevant addressee or address, facsimile number for the purposes of Clause 27.2. Such notification shall only be effective on:

(a) the date specified in the notification as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

27. **Assignment of Agreement**

27.1 Subject to Clauses 27.2 - 27.12 this Agreement is personal to the parties and shall not be capable of assignment by any party without the prior written consent of the others except in the case of a Shareholder to the successors in title of its Shares pursuant to a transfer permitted and effective in accordance with this Agreement and the Articles and in accordance with a Deed of Adherence entered into by those successors in title.

27.2 LoadAir may at any time, by not less than three days notice in writing to AerCap and the Company, nominate a wholly owned subsidiary of LoadAir (the "**Nominated Company**") to which it is to assign all of its interest under this Agreement on the terms set out below in this Clause 27.

27.3 The Nominated Company and the parties hereto shall enter into a Deed of Adherence in the form set out in Part 2 of Schedule 5 so that the Nominated Company shall become a party to this Agreement under the terms thereof.

27.4 LoadAir irrevocably and unconditionally guarantees the due and punctual performance of each of the obligations of the Nominated Company under this Agreement (the "**Obligations**" and each an "**Obligation**") to each person to whom they are owed (each an "**Obligee**" and together the "**Obligees**").

27.5 LoadAir shall pay to each Obligee from time to time on demand by the Obligee or any of them any sum of money which the Nominated Company is at any time liable to pay to that Obligee under or pursuant to the Obligations and which has not been paid at the time the demand is made and LoadAir will in the case of default by the Nominated

Company in the performance of any of the Obligations duly perform or procure the performance of the Obligations.

27.6 If any of the Obligations is void or unenforceable for any reason, LoadAir's liability under Clauses 27.4 and 27.5 is unaffected and LoadAir shall perform the Obligations as if it were primarily liable for the performance thereof.

27.7 LoadAir's liability under Clauses 27.4 and 27.5 is a continuing liability and is not satisfied, discharged or affected by an intermediate payment or settlement of account by, or a change in the constitution or control of, or the insolvency of, or bankruptcy, winding up or analogous proceedings relating to the Nominated Company.

27.8 The Obligees or any of them may at any time as they or it think(s) fit and without reference to LoadAir:

(a) grant time for payment or grant another indulgence or agree to an amendment, variation, waiver or release in respect of any of the Obligations;

(b) give up, deal with, vary, exchange or abstain from perfecting or enforcing other securities or guarantees held by the Obligees or any of them;

(c) discharge a party to all or any other securities or guarantees held by the Obligees or any of them and realise all or any of those securities or guarantees; and

(d) compound with, accept compositions from and make other arrangements with the Nominated Company or a person or persons liable on other securities or guarantees held or to be held by the Obligees or any of them.

27.9 So long as the Nominated Company is under an actual or contingent obligation under the Obligations LoadAir shall not exercise a right which it may at any time have by reason of the performance of its obligations under Clauses 27.4 and 27.5 to be indemnified by the Nominated Company, to claim a contribution from another surety of the Obligations or to take the benefit (wholly or partly and by way of subrogation or otherwise) of any of the rights of any Obligee under the Obligations or of any other security taken by any Obligee in connection with the Obligations.

27.10 LoadAir's liability under Clauses 27.4 and 27.5 is not affected by the avoidance of an assurance, security or payment or a release, settlement or discharge which is given or made on the faith of an assurance, security or payment, in either case, under an enactment relating to bankruptcy or insolvency.

27.11 Each payment to be made by LoadAir under this Clause 27 shall be made in the same currency as the relevant payment was due to be made by the Nominated Company in accordance with the terms of the relevant Obligation. If any sums payable under this Clause 27 by LoadAir shall be or become subject to any deduction or withholding, the amount of such payments shall be increased so that LoadAir will pay all monies due free and clear of and without deduction for or on account of any or all present or future taxes, levies, imposts, charges, fees, deductions or withholdings so that the net amount received by the relevant Obligee shall

equal the amount which, but for such

deduction or withholding, would have been receivable by the relevant Obligee under this Clause from LoadAir.

27.12 In the event that LoadAir transfers some part of the shares of the Nominated Company to one or more other persons or than a person connected with LoadAir the Shareholders agree that LoadAir shall be entitled to require that its obligations under Clauses 27.4 and 27.5 would be replaced with identical undertakings from LoadAir and such other persons save that such undertakings would be given on a several basis with the result that LoadAir and such other person shall be liable under such undertakings in proportion to their shareholdings in the Nominated Company.

28. **General**

28.1 This Agreement and any document referred to in this Agreement constitute the entire agreement, and supersede any previous agreement, between the parties relating to the subject matter of this Agreement. Each party acknowledges that in entering into this Agreement and the agreements into which it is required to enter hereunder (the "**Transaction Documents**"), it is not relying on any agreement, undertaking, representation, warranty, promise or assurance of any nature whatsoever which is not expressly set out in the Transaction Documents.

28.2 In the event of any conflict or inconsistency between the provisions of this Agreement and the Articles, the provisions of this Agreement shall prevail as between the Shareholders and the parties shall procure that, if required, the terms of the Articles are amended so as to accord with the provisions of this Agreement.

28.3 A variation of this Agreement or agreement of the Parties made pursuant to this Agreement is valid only if it is in writing and signed by or on behalf of each party.

28.4 A failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of that right or remedy or the exercise of another right or remedy.

28.5 Except where this Agreement provides otherwise the rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by law.

28.6 Each of the Shareholders hereby declares for the purposes of the Financial Transfers Act 1992 that

(a) it is not resident in any jurisdiction to which financial transfers (within the meaning of that Act) are restricted by order of the Minister for Finance in accordance with the provisions of that Act;

(b) it does not hold and will not hold any Shares subscribed pursuant to this Agreement as nominee for any person so resident; and

(c) it is not, to its knowledge, controlled directly or indirectly by persons so resident.

28.7 No provision of this Agreement creates a partnership between any of the parties or makes a party the agent of another party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for, another party in any way or for any purpose.

28.8 If at any time any provision of this Agreement (or any part of a provision of this Agreement) is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement (including the remainder of a provision, where only part thereof is or has become illegal, invalid or unenforceable); or

(b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

28.9 This Agreement may be executed in any number of counterparts each of which when executed and delivered by one or more of the parties to this Agreement is an original, but all the counterparts together constitute the same document provided that this Agreement shall not be effective until each party has executed and delivered at least one counterpart.

28.10 A waiver by a party of any of the terms, provisions or conditions of this Agreement or the acquiescence of a party in any act (whether commission or omission) which but for such acquiescence would be a breach as aforesaid shall not constitute a general waiver of such term, provision or condition or of any subsequent act contrary thereto. Save as expressly provided in this Agreement Completion shall not constitute a waiver by that party of any breach of any provision of this Agreement whether or not known to that party at the date of Completion.

28.11 Any liability to any party under the provisions of this Agreement may in whole or in part be released, varied, compounded or compromised by such party in its absolute discretion as regards any party under such liability without in any way prejudicing or affecting its rights against any other party under the same or a like liability whether joint and several or otherwise.

29. **Governing law and jurisdiction**

29.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Ireland.

29.2 The courts of Ireland have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement ("**Proceedings**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Ireland.

29.3 Each party irrevocably waives any objection which it might at any time have to the courts of Ireland being nominated as the forum to hear and decide any Proceedings and agrees not to claim that the courts of Ireland are not a convenient or appropriate forum.

29.4 LoadAir hereby irrevocably authorises and appoints Matheson Ormsby Prentice Solicitors, 30 Herbert Street, Dublin 2 (or such other address as may from time to time be notified to the parties) as its authorised agent to accept service of all legal process in Ireland on its behalf and service on such appointee shall be deemed to be service on LoadAir as the case may be. LoadAir agrees that any failure by its process agent to notify it of the legal process shall not invalidate the proceedings concerned. Nothing contained in this Clause 29 affects the right to serve process in another manner permitted by law.

IN WITNESS WHEREOF the parties have executed this Agreement on the date written above.

SCHEDULE 1
COMPANY INFORMATION

Incorporated in Ireland under the Companies Acts 1963 – 2005 on 7 November 2005.

Registered Number:	410443
Registered Office:	debis AirFinance House, Shannon, Co. Clare
The Directors:	Sean Gerard Brennan
	Wouter Marinus den Dikken
	Gerard Hastings
	Klaus Walter Willi Heinemann
The Secretary:	Sean Gerard Brennan
Financial Year End:	31 December
Annual Return Date:	07 May
Authorised Share Capital:	€100,000
Issued Share Capital:	1 ordinary share of €1.00

Registered Holder and Beneficial Owner	**Shares held**
AerCap Ireland Limited	1

SCHEDULE 2
BUSINESS TO BE TRANSACTED AT COMPLETION

(a) A meeting of the Board shall be held at which the matters described in this Schedule 2 are approved;

(b) Each of the special resolutions of the Company set out in Schedule 6 shall be passed;

(c) The Deposit Loan and the Additional AerCap Loan Contribution shall be applied by AerCap and the LoadAir Loan Contribution shall be applied by LoadAir in subscribing for cash at par for the numbers of Shares set out opposite their respective names below:-

Name	Number of Shares	Subscription Amount	
AerCap	25,000,000	US$	25,000,000
LoadAir	25,000,000	US$	25,000,000

(d) The Company shall allot and issue to AerCap and LoadAir the Shares specified in paragraphs (c) above, shall enter the names of AerCap and LoadAir in the register of members of the Company as registered holders of such Shares and shall issue and deliver to each of AerCap and LoadAir share certificates duly executed by the Company for the Shares subscribed by it;

(e) Gerard Hastings and Klaus Heinemann shall each resign as a Director and Aengus Kelly and Heinrich Loechteken shall be appointed as Directors by AerCap (Sean Brennan and Wouter den Dikken continuing as Directors appointed by AerCap), Sheikh Khalifa Ali Al-Sabah, Captain Husam Alshamlan, Keith Bolshaw and one additional person to be nominated by LoadAir shall be appointed as Directors by LoadAir and Heinrich Loechteken shall be appointed as the initial Chairman;

(f) the Administrative Agent shall be appointed as the secretary of the Company;

(g) such one of PriceWaterhouseCoopers and KPMG as the Board may nominate shall be appointed as the Auditors;

(h) the Services Agreements shall be executed by the parties thereto;

(i) LoadAir shall deliver to AerCap a legal opinion or opinions in form and substance satisfactory to AerCap in respect of, inter alia, the due execution by and enforceability against, LoadAir and, if relevant, the Nominated Company of this Agreement and any documentation required to be executed by LoadAir and, if relevant, the Nominated Company pursuant to this Agreement; and

(j) AerCap shall deliver to LoadAir a legal opinion in form and substance satisfactory to LoadAir, in respect of, inter alia, the due execution by and enforceability against AerCap (or any member of the AerCap Group (as the case requires)) of this Agreement and any documentation required to be

executed by AerCap (or any member of the AerCap Group (as the case required)) pursuant to this Agreement.

SCHEDULE 3
AERCAP WARRANTIES

1. **Company information**

The information relating to the Company in the Recitals and Schedule 1 is accurate. The issued share capital of the Company is beneficially owned by AerCap, is fully paid, and no money is owing in relation to it.

2. **The Company**

2.1 The Company has never traded or undertaken any activities or entered into any contracts, agreements or arrangements other than the Aircraft Letter of Intent, the Deposit Loan, this Agreement, the Aircraft Purchase Agreement and when entered into the Services Agreements.

2.2 The Company has no liabilities or other obligations (whether actual or contingent) other than pursuant to the Deposit Loan, the Aircraft Purchase Agreement and when entered into the Services Agreements and the costs referred to in Clause 21.2 which do not, at the date hereof, exceed US$500,000.

2.3 The register of members and all other records required to be kept by the Company by statute have been properly completed and are up-to-date.

2.4 None of the Company's share capital is under option or subject to any Encumbrance save as provided in this Agreement.

2.5 No dividends or other rights or benefits in respect of the Company's capital have been declared, made or paid or agreed to be declared, made or paid in either case, except as required or permitted by this Agreement.

3. **Aircraft Purchase Agreement**

3.1 Save as expressly provided in the Aircraft Purchase Agreement or the Aircraft Letter of Intent, Airbus has not agreed to provide to any member of the AerCap Group any monetary incentive or other consideration of an economic or operational nature in connection with the subject matter of the Aircraft Letter of Intent.

4. **Model**

The Model has been prepared by AerCap using reasonable diligence and the assumptions which are used in the Model, to the extent applicable, are reasonably consistent with assumptions applied by AerCap with respect to other similar portfolios of aircraft which AerCap owns.

SCHEDULE 4
RESTRICTED TRANSACTIONS

PART A – THE FOLLOWING ACTS OR OMISSIONS SHALL REQUIRE THE PRIOR WRITTEN CONSENT OF ALL SIGNIFICANT SHAREHOLDERS:

Otherwise than in accordance with this Agreement:

1. the creation, allotment or issue of any shares or securities or loan capital or the grant of any right to require the allotment or issue of any such shares or securities or loan capital;

2. the increase, reduction, redemption, repayment, purchase (or repurchase), sub-division, consolidation or other variation of its share or loan capital, or the reduction in the amount (if any) standing to the credit of any non-distributable reserve (including the share premium account or capital redemption reserve);

3. the amendment of any provision of its memorandum of association or articles of association;

4. the change of the rights for the time being attached to any class of shares in its capital; or

5. the proposing or passing of any resolution relating to its winding-up, or the filing of any petition for the appointment of an examiner or liquidator to it, or the making of an invitation to any person to appoint an administrative receiver to it or the entry by it into any scheme or arrangement with its creditors.

PART B - THE FOLLOWING ACTS OR OMISSIONS SHALL REQUIRE THE PRIOR WRITTEN CONSENT OF ALL SIGNIFICANT SHAREHOLDERS:

Otherwise than in accordance with this Agreement or in compliance with the Company's obligations under (i) the Aircraft Purchase Agreement (including, without prejudice to the generality of the foregoing, the obligation to purchase the Initial Aircraft), and (ii) the Services Agreements (subject to Part C of this Schedule):

1. any material change in the nature of the Business;

2. any act or omission which could reasonably be considered to be a breach of the Aircraft Purchase Agreement;

3. any borrowing or raising of money or other activity materially inconsistent with the Business Plan;

4. the creation, extension or variation of any guarantee, save as:-

   (a) implied by law; or

   (b) given in the normal course of the supply of goods and services by the Group or for the purposes of obtaining or maintaining Group financing pursuant to this Agreement or the Cash Management Agreement;

5. the creation of any Encumbrance over the whole or any part of its undertaking, property or assets or the extension or variation of any such Encumbrance in each case otherwise than as required for the purposes of obtaining or maintaining Group financing pursuant to this Agreement or the Cash Management Agreement;

6. any acquisition or disposal (including any purchase, sale, transfer, lease, licence or hire purchase) of :

(a) whole of any undertaking; or

(b) any asset or group of assets (including shares in the capital of a company), which acquisition or disposal is material in the context of the Group as a whole or has a value of more than US$50 million other than to the extent that such acquisition or disposal is specifically forecast or provided for in the Business Plan for the financial year in which it occurs.

7. the acquisition or formation of any subsidiary undertaking save to the extent that the Board considers it necessary or desirable for the purposes of the Group's tax planning;

8. the formation, entry into, termination or withdrawal from any partnership, consortium, joint venture or any other unincorporated association;

9. the undertaking or entering into of any transaction of any nature whatsoever other than by way of bargain at arm's length and upon normal commercial terms or other than in the normal course of trading (including any transaction which, if it were listed on the Irish Stock Exchange, would constitute a transaction with a related party (as defined from time to time in the listing rules of the Irish Stock Exchange));

10. the entry into any arrangements with either of the Shareholders or their respective Connected Persons or on their behalf or for their benefit;

11. the making of any loan or advance or provision of any credit, other than:

(a) in the ordinary course of its business; or

(b) to a wholly-owned subsidiary undertaking for use in the ordinary course of business;

12. the commencement or settlement of any material litigation other than litigation related to the collection of debts owing to it in the ordinary course of its business;

13. the change of its registered office or places of business or any of them or the change of its place of management and control, in each case to a place in any country other than Ireland or the registration of a branch of it in any country other than Ireland;

14. any change in the dividend policy set out in Clause 12 of this Agreement;

15. the entry into any agreement or arrangement for:

(a) the provision of services to the Company other than the Services Agreements;

(b) any amendment to the Services Agreements; or

16. Any action or omission which comprises a breach by the Company of any of the Services Agreements;

17. the entry into any material agreement or arrangement or the amendment or termination thereof; or

18. a decision by the Company in accordance with the Articles to purchase any Shares from a Shareholder.

PART C – EACH INSTRUCTION OR DIRECTION GIVEN BY THE COMPANY OR ACTION TAKEN BY THE COMPANY PURSUANT TO THE SERVICES AGREEMENTS SHALL REQUIRE THE APPROVAL OF THE BOARD SUBJECT AS PROVIDED BELOW:

1. any Director appointed by AerCap shall abstain from voting on a resolution to approve an instruction of the Board to the Servicer to withdraw from acting as Servicer pursuant to Clause 3.2(c) of the Servicing Agreement;

2. the giving of express prior written approval of the Company for the purposes set out in Clause 7.4(a)(i) of the Servicing Agreement shall require the consent in writing of each Significant Shareholder where the purchase price in respect of the Aircraft proposed to be sold or disposed of is less than the net book value of such Aircraft at the date of such sale (as certified by the Administration Agent);

3. any Director appointed by AerCap shall abstain from voting on a resolution to approve the giving of the express prior written approval of the Company for the purposes set out in Clause 7.4(a)(vi) of the Servicing Agreement;

4. the express prior written approval of the Company for the purposes set out in Clause 7.4(a)(viii) of the Servicing Agreement shall require the prior written consent of each Shareholder;

5. the express prior written approval of the Company for the purposes set out in Clause 7.4(a)(x) of the Servicing Agreement (save where that consent is in respect of the service of an Aircraft Type Conversion Notice) shall require the prior written consent of each Significant Shareholder;

6. any resolution passed pursuant to Clause 10.2(b) or (c) of the Servicing Agreement shall require the approval of at least one Director appointed by each Significant Shareholder (excluding AerCap) and any Director appointed by AerCap shall abstain from voting on that resolution;

7. any Director appointed by AerCap shall abstain from voting on a resolution to approve the giving of consent by the Company pursuant to Clause 12 of the Servicing Agreement;

8. any director appointed by AerCap shall abstain from voting on a Special Board Resolution pursuant to Clause 2.3(k) of the Administrative Agency Agreement;

9. any Director appointed by AerCap shall abstain from voting on a decision of the Board for the purposes of Clause 3.3(b) of the Administrative Agency Agreement;

10. a resolution to terminate the Administrative Agency Agreement pursuant to Clause 7.2(b) or (c) of the Administrative Agency Agreement shall require the approval of at least one Director appointed by each Significant Shareholder (excluding AerCap) and any Director appointed by AerCap shall abstain from voting on that resolution;

11. any Director appointed by AerCap shall abstain from voting on a resolution to approve a consent of the Company given pursuant to Clause 8.1 of the Administrative Agency Agreement;

12. any Director appointed by AerCap shall abstain from voting on a resolution to approve a consent of the Company given pursuant to Clause 11.1(a) of the Cash Management Agreement; or

13. a decision by the Company to exercise its rights in respect of a default by a Service Provider under any of the Services Agreements shall require the prior written consent of each Significant Shareholder (other than AerCap).

SCHEDULE 5
PART 1
DEED OF ADHERENCE

THIS DEED OF ADHERENCE is made the day of

BETWEEN:

(1) **[ ]** whose contact details appear in the Schedule (the "**New Party**").

(2) [All the Parties to the Principal Agreement including any person who has entered into a Supplemental Agreement pursuant to the Principal Agreement but excluding any Shareholder (other than the Transferor) who has ceased to hold Shares.]

RECITALS:

(A) Under the terms of a joint venture agreement dated [ ] (the "**Principal Agreement**") and entered into between (1) AerCap Ireland Limited, (2) International Cargo Airlines Company KSC (trading as LoadAir) and (3) AerVenture Limited and [and to which [ ] (the "**Transferor**") is [an original party] [a party by virtue of a Deed of Adherence dated [ ]] the Transferor has sold and transferred to the New Party [*insert number and type of Shares*] (the "Transfer Shares") subject to the New Party entering into this Deed of Adherence].

(B) The New Party wishes to accept the Transfer Shares subject to such condition and to enter into this Deed of Adherence pursuant to Clause 15 (Issues and Transfers of Shares) of the Principal Agreement.

IT IS AGREED AS FOLLOWS:

1. Expressions defined in the Principal Agreement shall (unless the context otherwise requires) have the same meaning when used in this Deed.

2. The New Party hereby undertakes to and covenants with all the Parties to the Principal Agreement (including any person who has entered into a Deed of Adherence pursuant to the Principal Agreement) to comply with the provisions of and to perform all the obligations in the Principal Agreement (save as expressed provided therein) so far as they become due to be observed and performed on or after the date hereof as if the New Party had been an original Party to the Principal Agreement in place of the Transferor [in respect of the Transfer Shares].

3. The New Party shall become a Shareholder and the Transferor shall cease to be a Shareholder [in respect of the Transfer Shares] and on and after the date hereof the New Party shall have the benefit of the provisions of the Principal Agreement (save as

expressly provided therein) as if the New Party had been an original Party thereto in place of the Transferor [in respect of the Transfer Shares] and the Principal Agreement shall be construed and apply accordingly.

4. For the avoidance of doubt, the New Party shall not be entitled to any amount which has fallen due for payment to the Transferor before the date hereof and shall not be liable in respect of any breach or non-performance of the obligations of the Transferor pursuant to the Principal Agreement before the date hereof and the Transferor shall remain entitled to each such amount and shall not be released from any liability in respect of any such breach or non-performance.

5. Except as expressly varied by this Deed, the Principal Agreement shall continue in full force and effect, and the Principal Agreement shall be interpreted accordingly.

6. The provisions of Clauses 1 (Interpretation), 21 (Costs), 27 (Assignment of Agreement), 28 (General) and 29 (Governing law and jurisdiction) of the Principal Agreement shall apply to this Deed mutatis mutandis as if those provisions had been set out expressly in this Deed, which shall take effect from the date set out above.

IN WITNESS whereof the parties have executed and delivered this document as their deed the day and year first above written.

The Schedule

Details of New Party

Name:
Registered no. (if a company):
Country of incorporation (if a company):
Address:
Facsimile no.:
Other notice details:

[Execution clause]

SCHEDULE 5
PART 2
DEED OF ADHERENCE
FOR NOMINATED PARTY

THIS DEED OF ADHERENCE is made the day of

BETWEEN:

(1) **[ ]** whose contact details appear in the Schedule (the "**New Party**").

(2) All the Parties to the Principal Agreement including any person who has entered into a Supplemental Agreement pursuant to the Principal Agreement.

RECITALS:

(A) Under the terms of a joint venture agreement dated [ ] (the "**Principal Agreement**") and entered into between AerCap Ireland Limited (1), International Cargo Airlines Company KSC (trading as LoadAir) (2) and AerVenture Limited (3) and to which LoadAir (the "**Transferor**") is an original party the Transferor has assigned to the New Party all of its interest in the Principal Agreement subject to the New Party entering into this Deed of Adherence.

(B) The New Party wishes to accept such assignment and to subscribe for Shares under the Principal Agreement and to enter into this Deed of Adherence pursuant to Clause 15 (Issues and Transfers of Shares) of the Principal Agreement.

IT IS AGREED AS FOLLOWS:

1. Expressions defined in the Principal Agreement shall (unless the context otherwise requires) have the same meaning when used in this Deed.

2. The New Party hereby undertakes to and covenants with all the Parties to the Principal Agreement to comply with the provisions of and to perform all the obligations in the Principal Agreement so far as they become due to be observed and performed on or after the date hereof as if the New Party had been an original Party to the Principal Agreement in place of the Transferor.

3. The New Party shall become a Shareholder and the Transferor shall cease to be a Shareholder and on and after the date hereof the New Party shall have the benefit of the provisions of the Principal Agreement as if the New Party had been an original Party thereto in place of the Transferor and the Principal Agreement shall be construed and apply accordingly.

4. For the avoidance of doubt, the New Party shall not be entitled to any amount which has fallen due for payment to the Transferor before the date hereof and shall not be liable in respect of any breach or non-performance of the obligations of the Transferor pursuant to the Principal Agreement before the date hereof and the Transferor shall

remain entitled to each such amount and shall not be released from any liability in respect of any such breach or non-performance.

5. Except as expressly varied by this Deed, the Principal Agreement shall continue in full force and effect, and the Principal Agreement shall be interpreted accordingly.

6. The provisions of Clauses 1 (Interpretation), 21 (Costs), 27 (Assignment of Agreement), 28 (General) and 29 (Governing law and jurisdiction) of the Principal Agreement shall apply to this Deed mutatis mutandis as if those provisions had been set out expressly in this Deed, which shall take effect from the date set out above.

7. The New Party hereby irrevocably authorises and appoints Matheson Ormsby Prentice Solicitors, 30 Herbert Street, Dublin 2 (or such other address as may from time to time be notified to the parties) as its authorised agent to accept service of all legal process in Ireland on its behalf and service on such appointee shall be deemed to be service on the New Party as the case may be. The New Party agrees that any failure by its process agent to notify it of the legal process shall not invalidate the proceedings concerned. Nothing contained in this Clause 7 affects the right to serve process in another manner permitted by law.

IN WITNESS whereof the parties have executed and delivered this document as their deed the day and year first above written.

The Schedule

Details of New Party

Name:
Registered no. (if a company):
Country of incorporation (if a company):
Address:
Facsimile no.:
Other notice details:

[Execution clause]

SCHEDULE 6
SHAREHOLDER'S WRITTEN RESOLUTIONS

AERVENTURE LIMITED

DECISION OF SOLE MEMBER

of

AERVENTURE LIMITED

We, the undersigned being the sole member entitled to attend and vote at general meetings of the above named company (the **"Company"**), **HEREBY RESOLVE**, in accordance with Section 141 (8) of the Companies Act, 1963, Regulation 9(3) of the European Communities (Single-Member Private Limited Companies) Regulations, 1994, and the Articles of Association of the Company that the following resolutions be passed as Special Resolutions:

1. **THAT** the authorised share capital of the Company be and is hereby reduced, with immediate effect, to €1.00 by the cancellation of €99,999 of the authorised share capital of the Company consisting of 99,999 Shares of €1.00 which at the date hereof have not been taken or agreed to be taken by any person.

2. **THAT,** subject to Resolution 1 above being effected, the Articles of Association of the Company be and they are hereby amended as follows:

(a) by the deletion of Article 3 of the Articles of Association in its entirety and the substitution therefor of the following

new Article 3:

". The share capital of the Company is €1.00 divided into 1 ordinary share of €1.00."

(b) by the deletion of Article 6(b) of the Articles of Association in its entirety.

3. **THAT**, subject to Resolution 1 and 2 above being effected, the authorised share capital of the Company be and is hereby increased with immediate effect to €1.00 and US$400,000,000 divided into 1 Ordinary Share of €1.00 and 400,000,000 Ordinary Shares of US$1.00 each.

4. **THAT,** subject to Resolution 3 above being effected, the Articles of Association of the Company be and they are hereby amended as follows:

(a) by the deletion of Article 3 of the Articles of Association in its entirety and the substitution therefor of the following new Article:

"3. The share capital of the Company is €1.00 and US$400,000,000 divided into 1 Ordinary Share of €1.00 and 400,000,000 Ordinary Shares of US$1.00 each."

(b) by the insertion of the following new Article 6(b):

"(b). The directors are hereby generally and unconditionally authorised to exercise all the powers of the Company to allot relevant securities within the meaning of Section 20 of the Companies (Amendment) Act, 1983. The maximum amount of relevant securities which may be allotted under the authority hereby conferred shall be 400,000,000 Ordinary Shares of US$1.00. The authority hereby conferred shall expire on the date which is five years after the date of incorporation of the Company."

5. **THAT**, subject to Resolution 3 and 4 above being effected and to the issue of 2 ordinary shares of US$1.00 in the capital of the Company for the purposes of redemption, 1 issued Ordinary Share of €1.00 in the capital of the Company registered in the name of AerCap Ireland Limited be and it is hereby converted into a Redeemable Ordinary Share of €1.00, subject to the rights set out in Article 3 of the Articles of Association of the Company:

6. **THAT,** subject to Resolution 5 above being effected, the Articles of Association of the Company be and they are hereby amended by the deletion of Article 3 of the Articles of Association in its entirety and the substitution therefor of the following new Article:

"3. The share capital of the Company is €1.00 and US$400,000,000 divided into 1 Redeemable Ordinary Share of €1.00 and 400,000,000 Ordinary Shares of US$1.00 each. The Redeemable Ordinary Share shall be redeemable at par at the option of the Company without notice."

7. **THAT**, contingent upon the issue of 2 ordinary shares of US$1.00 in the capital of the Company for the purposes of redemption, the 1 issued Redeemable Ordinary Share of €1.00 in the capital of the Company be redeemed for cash and at par, the redemption monies of €1.00 be paid to the holder of the share on such redemption and such share be cancelled;

8. **THAT**, contingent upon the redemption and cancellation at Resolution 7 above taking place, the authorised share capital of the Company be and is hereby reduced, with immediate effect, to US$400,000,000 by the cancellation of €1.00 of the authorised share capital of the Company consisting of 1 Redeemable Ordinary Share of €1.00 which, having been so redeemed, has not since such redemption been taken or agreed to be taken by any person;

9. **THAT** subject to Resolution 8 above being effected, the regulations contained in the document attached to this written resolution, for the purpose of identification marked 'A' be and they are hereby approved and adopted as the Articles of Association of the Company in substitution for, and to the exclusion of the existing Articles of Association.

SCHEDULE 7
EQUITY DRAWDOWN SCHEDULE

Quarter Start Date	Equity on Qtrly Basis
January-06	(50,000,000)
April-06	—
July-06	—
October-06	—
January-07	—

April-07	
July-07	(2,656,325)
October-07	(9,847,656)
January-08	(12,221,275)
April-08	(17,136,262)
July-08	(22,686,055)
October-08	(25,943,933)
January-09	(30,244,714)
April-09	(26,008,962)
July-09	(20,003,439)
October-09	(13,671,014)
	(230,419,635)

SIGNED by **AERCAP IRELAND LIMITED**)
)
a duly authorised representative of)
AERCAP IRELAND LIMITED)
in the presence of:)

Witness: _____

Address: _____

Occupation: _____]

SIGNED by **INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir")**)
)
a duly authorised representative of)
INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir"))
in the presence of:)

Witness: _____

Address: _____

Occupation: _____]

SIGNED by **AERVENTURE LIMITED**)
)
a duly authorised representative of)
AERVENTURE LIMITED)
in the presence of:)

Witness: _____

Address: _____

Occupation: _____]

Agreed Form

The Companies Acts 1963 to 2005

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

AERVENTURE LIMITED

(Incorporated on 7 November 2005)

(adopted by
Special Resolution on)

McCann FitzGerald
Solicitors
2 Harbourmaster Place
International Financial Services Centre
Dublin 1

CONTENTS

The Companies Acts 1963 to 2005

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

-of-

AERVENTURE LIMITED

(adopted by Special Resolution on)

1. **Preliminary**

1.1 The regulations contained in Table A in the First Schedule to the Companies Act 1963 shall not apply to the Company.

1.2 In the interpretation of these Articles, unless the context otherwise requires, the following words and expressions shall have the following meanings:-

"**the Act**" means the Companies Act 1963;

"**the Acts**" means the Companies Acts 1963 to 2005 and every statutory extension modification or re-enactment thereof from time to time in force;

"**Additional Shareholder Capital Tranche**" has the meaning given to it in the Agreement;

"**AerCap**" means AerCap Ireland Limited;

"**AerCap Group"** has the meaning given in the Agreement;

"**Agreement**" means a joint venture agreement dated [ ] made between (1), Aercap (2) LoadAir and (3) the Company as the same may be supplemented, varied or amended;

"**Articles**" means these articles of association (as amended from time to time);

"**Auditors**" means the auditors for the time being of the Company;

"**Board**" means the board of directors of the Company from time to time or, as the context may require, any duly authorised committee thereof;

"**Business Day**" means a day other than a Saturday or Sunday in Ireland on which banks are generally open for business in Dublin and Kuwait;

"**Call Notice**" has the meaning given to it in the Agreement;

"**connected with**", in relation to two or more persons, means two or more persons who are connected with each other for the purposes of section 10 of the Taxes Consolidation Act 1997;

"**Date of Adoption**" means the date of adoption of these Articles being [ ];

"**Directors**" means the directors for the time being of the Company;

"**Encumbrance**" means includes any adverse claim or right or third party right or interest, any equity, any option or right of pre-emption or right to acquire or restrict, any mortgage, charge, assignment, hypothecation, pledge, lien or security interest or arrangement of whatsoever nature, any reservation of title, and any other encumbrance, priority or security interest or similar arrangement of whatever nature;

"**Fair Value**" means, in relation to any Shares the fair value of the Shares as determined by the Valuer pursuant to Article 16;

"**Financing Event of Default**" has the meaning given in the Agreement;

"**Group**" means the Company and its subsidiaries from time to time, or any of them, as the context requires;

"**holder**" means a person for the time being registered by the Company as the holder of one or more Shares and, in respect of any particular Share, means the person or persons for the time being registered by the Company as the holder(s) of that Share;

"**LoadAir**" means International Cargo Airlines Company KSC (trading as LoadAir);

"**LoadAir Group**" has the meaning given in the Agreement;

"**Office**" means the registered office for the time being and from time to time of the Company;

"**paid up**" means paid up or credited as paid up;

"**Register**" means the register of members of the Company to be kept as required by section 116 of the Act;

"**Related Company**" means, in relation to any body corporate, any other body corporate which is for the time being its subsidiary or holding company or another subsidiary of its holding company;

"**Required ROE**" means in respect of a Shareholder an amount of distributions, dividends, redemption payments or other payments by the Company in respect of Shares (or portions thereof) received by such Shareholder equal to (x) 125% multiplied by (y) the amount invested in Shares by such Shareholder compounded annually.

"**Secretary**" means the secretary of the Company and shall include an assistant or an acting secretary for the time being;

"**Seller**" has the meaning set out in Article 15.1;

"**Share**" means an ordinary share of US$1 in the capital of the Company;

"**Share Capital**" means the nominal value of all of the Shares in issue from time to time;

"**Significant Shareholder**" means any member of the Company who is a holder of Shares representing more than 10% in nominal value of all of the Shares in issue from time to time;

"**Subscription Shares**" has the meaning given in the Agreement;

"**the State**" means the Republic of Ireland;

"**the 1983 Act**" means the Companies (Amendment) Act 1983;

"**Transfer Notice**" has the meaning set out in Article 15.1; and

"**US$**" means US dollars;

"**Valuer**" means an independent investment bank or corporate finance firm appointed by the Board for the purpose of valuing Shares in accordance with Article 16.

1.3 In these Articles, unless the context requires otherwise:-

(a) a reference to a "**subsidiary**" or "**holding company**" is to be construed in accordance with section 155 of the Companies Act 1963, and a reference to a "**parent undertaking**" and "**subsidiary undertaking**" is to be construed in accordance with the European Communities (Companies: Group Accounts) Regulations 1992;

(b) a reference to a document is a reference to that document as from time to time supplemented or varied;

(c) any reference to any statute or statutory provision shall be deemed to include any statute or statutory provision which amends, extends, consolidates, re-enacts or replaces same, or which has been amended, extended, consolidated, re-enacted or replaced (whether before or after the date of adoption of these Articles) by same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;

(d) words importing the singular shall include the plural number and vice versa and words importing a gender shall include each gender;

(e) words and phrases the definitions of which are contained or referred to in the Acts shall be construed as having the meanings thereby attributed to them;

(f) any reference to a "**person**" shall be construed as a reference to any individual, firm, company, corporation, undertaking, government, state or agency of a state, or any association or partnership (whether or not having separate legal personality);

(g) expressions referring to writing shall, unless the contrary intention appears, be construed as including reference to printing, lithography, photography, facsimile transmission, and any other means of reproducing or representing words in visible form; and

(h) if a payment would otherwise be required to be made on a day which is not a Business Day or on which banks are not generally open for business in New York, the payment shall be required to be made on the next following day which is a Business Day and on which banks are generally open for business in New York.

2. **Private company**

The Company is a private company and accordingly:

(a) the right to transfer Shares is restricted in the manner prescribed in these Articles;

(b) the number of members of the Company (exclusive of persons who are in the employment of the Company and of persons who, having been formerly in the employment of the Company, were while in such employment, and have continued after the determination of such employment to be, members of the Company) is limited to fifty, so, however, that where two or more persons hold one or more Shares jointly, they shall, for the purpose of this Article, be treated as a single member;

(c) any invitation to the public to subscribe for any Shares or debentures of the Company is prohibited; and

(d) the Company shall not have power to issue share warrants to bearer.

SHARE RIGHTS

3. **Share capital**

3.1 The share capital of the Company is US$400,000,000 divided into 400,000,000 shares of US$1 each.

3.2 Without prejudice to any special rights previously conferred on any holders, any Share may be issued with such preferred,

deferred or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise, as the Company may from time to time by special resolution determine, and subject to the provisions of the Acts, any Shares may be issued on the terms that they are, or are liable at the option of the Company or the holder, to be redeemed on such terms and in such manner as may be provided by these Articles. Subject as aforesaid, the Company may cancel any Shares so redeemed or may hold them as treasury shares and re-issue any such treasury shares as shares of any class or classes.

4. **Variation of rights**

4.1 If at any time the share capital is divided into different classes of Shares, the rights attached to any class (unless otherwise provided by the terms of issue of the Shares of

that class) may, subject to the provisions of the Acts, whether or not the Company is being wound up, be varied or abrogated with the consent in writing of the holders of three fourths of the issued Shares of that class, or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares of the class but not otherwise.

4.2 The rights conferred upon the holders of the Shares of any class shall not, unless otherwise expressly provided by the terms of issue of such Shares, be deemed to be varied by the creation or issue of further Shares ranking pari passu therewith.

4.3 To every such separate general meeting held pursuant to Article 4.1 all the provisions of these Articles relating to general meetings of the Company shall apply but so that the necessary quorum shall be two persons at least holding or representing by proxy one-third in nominal amount of the issued Shares of the class (but so that if at any adjourned meeting of such holders a quorum as above defined is not present those holders who are present shall be a quorum). Any holder of the Shares of the class present in person or by proxy may demand a poll, and each such person shall upon such poll have one vote in respect of every Share of the class held by him respectively

5. **Increase and alteration of share capital**

5.1 The Company may from time to time by ordinary resolution increase the share capital by such sum to be divided into Shares of such amounts as the resolution shall prescribe.

5.2 Except so far as otherwise provided by the conditions of issue or by these Articles any capital raised by the creation of new Shares shall be considered part of the pre-existing capital, and shall be subject to the provisions of these Articles with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien and otherwise.

5.3 The Company from time to time and at any time may by ordinary resolution:-

(a) consolidate and divide all or any of its share capital into Shares of larger amount than its existing Shares;

(b) sub-divide its existing Shares, or any of them, into Shares of smaller amount than is fixed by the Memorandum of Association (subject, nevertheless to section 68(1)(d) of the Act); or

(c) cancel any Shares which, at the date of the passing of the resolution, have not been taken, or agreed to be taken by any person.

5.4 The Company may by special resolution reduce its share capital, any capital redemption reserve fund or share premium account in any manner and with and subject to any incident authorised, and consent required, by law

6. **Purchase of own shares**

6.1 Subject to the provisions of the Acts and to any rights conferred on the holders of any class of Shares, the Company may purchase all or any of its own Shares of any class, including any redeemable shares.

6.2 Neither the Company nor the Directors shall be required to select the Shares to be purchased rateably or in any other particular manner as between the holders of Shares of the same class or as between them and the holders of Shares of any other class or in accordance with the rights as to dividends or capital conferred by any class of Shares.

6.3 Subject as aforesaid, the Company may cancel any Shares so purchased or may hold them as treasury shares and reissue any such treasury shares as Shares of any class or classes.

6.4 Notwithstanding anything to the contrary contained in these Articles, the rights attached to any class of Shares shall be deemed not to be varied by anything done by the Company pursuant to this Article 6.

7. **Allotment of Shares**

7.1 Except as otherwise determined by the Board with the consent in writing of all Significant Shareholders or pursuant to the Agreement, all new Shares in a particular class shall before issue be offered to such holders as at the date of the offer are entitled to receive notice of and vote at general meetings in proportion (as nearly as may be) to the nominal value of the existing Shares of that class held by them. Such offer shall be made by notice in writing:-

(a) specifying the number of Shares offered;

(b) limiting the time (being not less than two weeks) within which the offer if not accepted will be deemed to be declined; and

(c) inviting any holder who accepts the offer to indicate that they would accept, on the same terms, shares (specifying a maximum number) which have not been accepted by other holders ("**Excess Shares**").

Any Excess Shares shall be allotted to holders who have indicated they would accept Excess Shares. Excess Shares shall be allotted pro rata to the aggregate number of Shares held by holders accepting Excess Shares (provided that no such holder shall be allotted more than the maximum number of Excess Shares such holder has indicated he is willing to accept). If the total number of Shares applied for is more than the available number of Shares, the Shares shall be allocated in the manner set out in Article 15.5(c)(ii). If thereafter any Shares shall not have been accepted they shall be issued to such persons and upon such terms and conditions as the Directors deem most beneficial to the Company.

7.2 Subject to the provisions of these Articles relating to new Shares, the Shares shall be at the disposal of the Directors, and they may (subject to the provisions of the Acts) allot, grant options over or otherwise dispose of them to such persons, on such terms and conditions and at such times as they may consider to be in the best interests of the Company and its shareholders.

7.3 Subject to Articles 7.1 and 7.2, for the purposes of section 20 of the 1983 Act the Directors are generally and unconditionally authorised to allot relevant securities (within the meaning of the said section 20) up to an aggregate nominal amount of US$400,000,000 provided that this authority shall expire after a period of five years from the Date of Adoption. The Company may, before such expiry, make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement, notwithstanding that the authority hereby conferred has expired.

7.4 In accordance with section 23(10) of the 1983 Act the application of sub-sections (1), (7) and (8) of section 23 of the 1983 Act is hereby excluded in relation to the allotment of equity securities (as defined by section 23(13) of the 1983 Act).

7.5 The Company may exercise the powers of paying commissions conferred by section 59 of the Act. Such commission may be satisfied by the payment of cash or the allotment of fully or partly paid Shares or partly in one way and partly in the other.

8. **No recognition of trusts**

Except as required by law, no person shall be recognised by the Company as holding any Share upon any trust and the Company shall not be bound by or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any Share or any interest in any fractional part of a Share or (except only as by these Articles or by law otherwise provided) any other right in respect of any Share except an absolute right to the entirety thereof in the registered holder, but this shall not preclude the Company from requiring the holders or a transferee of Shares to furnish the Company with information as to the beneficial ownership of any Share, when such information is reasonably required by the Company.

9. **Share certificates**

9.1 Every person whose name is entered as a holder in the Register shall be entitled without payment to one certificate for all his Shares and, if he transfers part of his holding, to one certificate for the balance. Upon payment of such sum, not exceeding US$0.10 for every certificate after the first, as the Directors shall from time to time determine, he shall also be entitled to several certificates, each for one or more of his Shares. Every certificate shall be issued within two months after allotment or the lodgement with the Company of a transfer of the Shares, unless the conditions of issue of such Shares otherwise provide. Every such certificate shall be under the Common Seal of the Company and shall specify the number and class of Shares to which it relates, the distinguishing numbers (if any) allocated to such Shares and the amount paid up thereon. The Company shall not be bound to register more than three persons as joint holders of any Share (except in the case of executors or trustees of a deceased holder) and, in the case of a Share held jointly by several persons, the Company shall not be bound to issue more than one certificate therefor and delivery of a certificate for a Share to one of several joint holders shall be sufficient delivery to all.

9.2 If any such certificate shall be worn out, defaced, destroyed or lost, it may be renewed on such evidence being produced and on payment of such amount not exceeding

US$0.10 as the Directors shall require, and, in case of wearing out or defacement, on delivery up of the old certificate and, in case of destruction or loss, on execution of such indemnity (if any) as the Directors may from time to time require. In case of

destruction or loss, the holder to whom such renewed certificate is given shall also bear and pay to the Company all expenses incidental to the investigation by the Company of the evidence of such destruction or loss and to such indemnity.

10. **Lien**

10.1 The Company shall have a first and paramount lien on every Share (not being a fully paid Share) for all monies (whether immediately payable or not) called or payable at a fixed time in respect of that Share, but the Directors may at any time declare any Share to be wholly or in part exempt from the provisions of this Article. The Company's lien on a Share shall extend to all dividends payable thereon.

10.2 For the purpose of enforcing any such lien as aforesaid the Directors may sell all or any of the Shares subject thereto at such time and in such manner as they think fit, but no such sale shall be made unless a sum in respect of which the lien exists is immediately payable, nor until the expiration of 14 days after a notice in writing, stating and demanding payment of such part of the amount in respect of which the lien exists as is immediately payable, has been given to the registered holder for the time being of the Share, or to all the joint registered holders thereof, or the person entitled thereto by reason of his or their death or bankruptcy (as the case may be). If the Directors wish to enforce any lien by selling any Shares subject thereto such Shares shall be offered for sale in accordance with the provisions of Article 15 as if they were the subject of a Transfer Notice as defined in Article 15.

10.3 The net proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is immediately payable, and the residue, if any, shall (subject to a like lien for sums not immediately payable as existed upon the Shares before the sale) be paid to the person entitled to the Shares at the date of the sale.

11. **Calls on Shares**

11.1 The Directors may from time to time make calls upon the holders in respect of any moneys unpaid on their Shares (whether on account of the nominal value of the Shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times, provided that excepting so far as may be otherwise agreed between the Company and any holder in the case of the Shares held by him no call shall be payable at less than one month from the date fixed for payment of the last preceding call, and each holder shall (subject to receiving at least 14 days' notice specifying a time or times and place of payment) pay to the Company at the time or times and place so specified the amount called on his Shares. A call may be revoked or postponed as the Directors may determine. A call shall be deemed to have been made at the time when the resolution of the Directors authorising such call was passed, and may be required to be paid by instalments.

11.2 The joint holders of a Share shall be jointly and severally liable to pay all calls in respect thereof.

11.3 If a sum called in respect of a Share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest on the sum from the day appointed for payment thereof to the time of actual payment at such rate, not exceeding 10 per cent per annum, as the Directors may determine, but the Directors shall be at liberty to waive payment of such interest wholly or in part.

11.4 On the trial or hearing of any action for the recovery of any money due for any call it shall be sufficient to prove that the name of the holder sued is entered in the Register as the holder, or one of the holders, of the Shares in respect of which such debt has accrued, that the resolution making the call is duly recorded in the minute book and that notice of such call was duly given to the holder sued, in the pursuance of these Article and it shall not be necessary to prove the appointment of the Directors who made such call nor any other matters whatsoever, but the proof of the matters aforesaid shall be conclusive evidence of the debt.

11.5 Any sum which, by the terms of issue of a Share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the Share or by way of premium, shall, for the purposes of these Articles be deemed to be a call duly made and payable on the date on which, by the terms of issue, the same becomes payable, and in case of non-payment thereof all the relevant provisions of these Articles as to payment of interest and expenses, forfeiture or otherwise, shall apply as if such sum had become payable by virtue of a call duly made and notified.

11.6 The Directors may, on the issue of Shares, differentiate between the holders as to the amount of calls to be paid and the times of payment.

11.7 The Directors may, if they think fit, receive from any holder willing to advance the same, all or any part of the monies uncalled and unpaid upon any Shares held by him, and upon all or any of the monies so advanced may (until the same would, but for such advance, become payable) pay interest at such rate not exceeding (unless the Company in general meeting otherwise directs) 10 per cent per annum, as may be agreed upon between the Directors and the holder paying such sum in advance; but any sum paid in excess of the amount for the time being called up shall not be included or taken into account in ascertaining the amount of the dividend payable on the Shares in respect of which such advance has been made.

12. **Forfeiture of Shares**

12.1 If a holder fails to pay any call or instalment of a call on a day appointed for the payment thereof, the Directors may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

12.2 The notice shall name a further day (not earlier than the expiration of 14 days from the date of the service of the notice) on or before which the payment required by the notice is to be made, and shall state that in the event of non-payment at or before the time appointed, the Shares in respect of which the call was made will be liable to be forfeited.

12.3 If the requirements of any such notice as aforesaid are not complied with, any Share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by resolution of the Directors to that effect. A forfeiture of Shares shall include all dividends declared in respect of the forfeited Shares, and not actually paid before the forfeiture.

12.4 A forfeited Share may be sold, re-issued, or otherwise disposed of, either to the person who was before the forfeiture the holder thereof or entitled thereto, or to any other person upon such terms and in such manner as the Directors shall think fit, and whether with or without all or any part of the amount previously paid on the Share being credited as paid, and at any time before such sale, re-issue or disposal the forfeiture may be cancelled on such terms as the Directors may think fit. The Directors, may if necessary, authorise some person to transfer a forfeited Share to such other person. If the Directors wish to sell or re-issue or otherwise dispose of any forfeited Share such Share shall be offered for sale in accordance with the provisions of Article 15 as if it were the subject of a Transfer Notice as defined in Article 15.

12.5 A holder whose Shares have been forfeited shall cease to be a holder in respect of the forfeited Shares, but shall, notwithstanding the forfeiture, remain liable to pay to the Company all calls made and not paid on such Shares at the time of forfeiture with interest thereon to the date of payment at such rate not exceeding 10 per cent per annum as the Directors shall think fit, in the same manner and in all respects as if the Shares had not been forfeited, and to satisfy all claims and demands (if any) which the Company might have enforced in respect of the Shares at the time of forfeiture without any deduction or allowance for the value of the Shares at the time of forfeiture.

12.6 A statutory declaration that the declarant is a Director or the Secretary of the Company, and that a Share has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the Share. The Company may receive the consideration, if any, given for the Share on a sale or disposition thereof, and may execute a transfer of the Share in favour of the person to whom the Share is sold or disposed of, and he shall thereupon be registered as the holder of the Share, and shall not be bound to see to the application of the purchase money, if any, nor shall his title to the Share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-issue or disposal of the Share.

12.7 The provisions of these Articles as to forfeiture shall apply in the case of non-payment of any sum which, by the terms of issue of a Share, becomes payable at a fixed time, whether on account of the nominal value of the Share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

TRANSFER OF SHARES

13. **Transfers - General**

13.1 No transfer of any Share shall be made or registered unless such transfer complies with the provisions of these Articles and the transferee has if so required by the terms of the Agreement or otherwise, first entered into an appropriate deed of adherence pursuant to the Agreement.

Subject thereto, the Board shall sanction any transfer so made unless (i) the registration thereof would result in the registration of a transfer of Shares on which the Company has a lien or (ii) the Board is otherwise entitled to refuse to register such transfer pursuant to these Articles. Any transfer, or purported transfer, of any Shares in breach of these Articles shall be void.

13.2 For the purposes of these Articles the following shall be deemed (but without limitation) to be a transfer by a holder:-

(a) any direction (by way of renunciation or otherwise) by a holder entitled to an allotment or transfer of Shares that a Share be allotted or issued or transferred to some person other than himself; and

(b) any sale or any other disposition (including by way of Encumbrance or other security interest) of any legal or equitable interest in a Share (including any voting right attached to it), (i) whether or not by the relevant holder, (ii) whether or not for consideration, and (iii) whether or not effected by an instrument in writing.

14. **Permitted Transfers**

14.1 Any holder which is a body corporate may at any time transfer all or any of its Shares to a Related Company but if any such transferee ceases to be a Related Company in relation to the body corporate first holding the relevant Shares on or after the date of adoption of these Articles or following a transfer made in accordance with this Article 14 (otherwise than pursuant to this Article 14.1) or Article 15 it shall, within 21 days of so ceasing, transfer any Shares held by it to such body corporate or any Related Company of such body corporate and failing such transfer within such period, the relevant holder(s) shall be deemed to

have given a Transfer Notice pursuant to Article 15.

14.2 Any holder may transfer his Shares to another person in accordance with and to the extent permitted by the Agreement.

14.3 Any holder may at any time transfer all or any of his Shares to any other person with the prior written consent of all holders.

14.4 Subject to the Agreement, any holder of Shares may at any time transfer all or any of his Shares to a nominee or trustee for that holder alone and any such nominee or trustee of any person or persons may at any time transfer any Shares to that person or persons or to another nominee or trustee for that person or persons PROVIDED THAT no beneficial interest in such Shares passes by reason of any such transfer.

14.5 Any holder may at any time transfer all or any of his Shares in accordance with the provisions of the Acts to the Company.

15. **Pre-emption on transfers**

15.1 Any holder who wishes to transfer Shares otherwise than in accordance with Article 14 (the "**Seller**") shall give notice in writing (the "**Transfer Notice**") to the Company of his wish specifying:-

(a) the number of Shares which he wishes to transfer (the "**Sale Shares**");

(b) the name of the third party (if any) to whom he proposes to sell the Sale Shares;

(c) the price at which he wishes to transfer the Sale Shares (which shall be deemed to be the Fair Value of the Sale Shares if no price is specified) (the "**Transfer Price**"); and

(d) whether or not the Transfer Notice is conditional upon all, and not part only, of the Sale Shares being sold pursuant to the offer hereinafter mentioned and, in the absence of such stipulation, it shall be deemed not to be so conditional.

15.2 Where any Transfer Notice is deemed to have been given in accordance with these Articles, the holder of the Shares to which the deemed Transfer Notice relates shall be deemed to be a Seller and the deemed Transfer Notice shall be treated as having specified:-

(a) that all of the Shares registered in the name of the Seller shall be included for transfer;

(b) that the price for the Sale Shares shall be as agreed between the Board and the Seller or, failing agreement, shall be the Fair Value of the Sale Shares; and

(c) that no condition as referred to in Article 15.1(d) shall apply.

15.3 The Transfer Notice shall constitute the Company the agent of the Seller for the sale of the Sale Shares at the Transfer Price.

15.4 The Board shall be entitled to offer the Sale Shares at the Transfer Price to the Company on the following basis:-

(i) such offer must be made within 14 days of the date of the Transfer Notice;

(ii) it must be accepted or rejected (and, if not accepted, it will be deemed to have been rejected) within a further period of 30 days provided that such further period of 30 days shall be extended to the extent necessary for the Company to comply with the statutory requirements in relation to its acquisition of the Sale Shares; and

(iii) if the offer is not made or accepted in respect of all of the Sale Shares, and the Transfer Notice was subject to the condition referred to in

Article 15.1(d), then any acceptance shall be conditional on the balance of the Sale Shares being sold pursuant to the pre-emption provisions contained in the following provisions of this Article 15.

The Company and the Seller shall use their best endeavours to ensure that, after any such offer is accepted, the completion of the transfer of the relevant Sale Shares occurs as soon as reasonably practicable.

15.5 (a) The Company shall as soon as practicable following receipt of a Transfer Notice or, where later, upon the determination of the Transfer Price or, where later, following any invitation and acceptance under Article 15.4 (to the extent not fully taken up) give notice in writing to each of the holders (other than the Seller) informing them of the number of Sale Shares that are available to purchase and of the Transfer Price. Such notice shall invite each such holder to state, in writing within 21 days from the date of such notice (which date shall be specified therein), whether he is willing to purchase any and, if so, how many of the Sale Shares.

(b) Sale Shares shall be offered to each holder other than the Seller on terms that, in the event of competition, the Sale Shares offered shall be sold to the holders accepting the offer in proportion (as nearly as may be) to their existing holdings of Shares (the "**Proportionate Entitlement**"). It shall be open to each such holder to specify if he is willing to purchase Sale Shares in excess of his Proportionate Entitlement ("**Excess Shares**") and, if the holder does so specify, he shall state the number of Excess Shares.

(c) After the expiry of the offers to be made pursuant to Article 15.5(a) (or sooner if all the Sale Shares offered shall have been accepted in the manner provided in Article 15.5(a)), the Board shall subject to Article 15.8 allocate the Sale Shares in the following manner:-

(i) if the total number of Shares applied for is equal to or less than the available number of Sale Shares, the Company shall allocate the number applied for in accordance with the applications; or

(ii) if the total number of Shares applied for is more than the available number of Sale Shares, each holder shall be allocated his Proportionate Entitlement (or such lesser number of Sale Shares for which he may have applied); applications for Excess Shares shall be allocated in accordance with such applications or, in the event of competition, (as nearly as may be) to each holder applying for Excess Shares in the proportion which the number Shares held by such holder bears to the total number of Shares held by all such holders applying for Excess Shares PROVIDED THAT such holder shall not be allocated more Excess Shares than he shall have stated himself willing to take,

and in either case the Company shall forthwith give notice of each such allocation (an "**Allocation Notice**") to the Seller and each of the persons to whom Sale Shares have been allocated (a "**Member Applicant**") and shall specify in the Allocation Notice the place and time (being not earlier than five days and not later than 14 days after the date of the Allocation Notice) at which the sale of the Sale Shares shall be completed.

15.6 Subject to Article 15.7 and Article 15.8, upon such allocations being made as aforesaid, the Seller shall be bound, on payment of the Transfer Price, to transfer the Sale Shares comprised in the Allocation Notice to the Member Applicants named therein at the time and place therein specified. If he makes default in so doing:-

(a) the chairman for the time being of the Company or, failing him, one of the Directors, or some other person duly nominated by a resolution of the Board for that purpose, shall forthwith be deemed to be the duly appointed attorney of the Seller with full power to execute, complete and deliver in the name and on behalf of the Seller all documents necessary to give effect to the transfer of the relevant Sale Shares to the Member Applicants;

(b) the Board and/or any Director may receive and give a good discharge for the purchase money on behalf of the Seller and (subject to the transfer being duly stamped) enter the name of the Member Applicants in the register of members as the holder or holders by transfer of the Sale Shares so purchased by him or them; and

(c) the Board shall forthwith pay the purchase money into a separate bank account in the Company's name and shall hold such money on trust (but without interest) for the Seller until he shall deliver up his certificate or certificates for the relevant Sale Shares (or an indemnity, in a form reasonably satisfactory to the Board, in respect of any lost certificate) to the Company when he shall thereupon be paid the purchase money (but without interest).

The appointment referred to in Article 15.6(a) shall be irrevocable and is given to secure the performance of the obligations of the relevant holder under these Articles.

15.7 Any proposed transfer of Sale Shares pursuant to this Article 15 shall be conditional upon the person so acquiring Sale Shares (the "**Relevant Member**") obtaining all necessary consents, permissions or approvals of any regulatory or supervisory authorities or other persons in any relevant jurisdiction which are or may be required to enable the Relevant Member lawfully to acquire such Sale Shares (each, a "**Regulatory Consent**") as soon as possible. In the event that any Regulatory Consent is not obtained by a Relevant Member within 120 days of the date of the Allocation Notice (or such longer period as the Board may agree to), the proposed transfer of Sale Shares to that Relevant Member shall not be effective, and the Seller shall give, or shall be deemed to have given, a new Transfer Notice to the Company indicating that it desires to transfer such Sale Shares and the provisions of this Article 15 shall apply accordingly (provided that such Sale Shares shall not be offered to the Relevant Member).

15.8 If the Seller shall have included in the Transfer Notice a provision that unless all the Sale Shares are sold none shall be sold and:-

(a) the total number of Shares applied for by Member Applicants is less than the number of Sale Shares then the Allocation Notice shall refer to such provision and shall contain a further invitation, open for 28 days, to those persons to whom Sale Shares have been allocated to apply for further Sale Shares; or

(b) the total number of Shares applied for by Member Applicants is equal to or greater than the number of Sale Shares, but

Sale Shares are required to be re-offered in accordance with Article 15.7,

completion of the sales in accordance with the preceding paragraphs of this Article 15 shall be conditional upon such provision as aforesaid being complied with in full.

15.9 In the event of all the Sale Shares not being sold under the preceding paragraphs of this Article 15 the Seller may, at any time within six calendar months after receiving confirmation from the Company that the pre-emption provisions contained in these Articles have been exhausted, transfer any Sale Shares (which have not been sold) to any person or persons at any price not less than the Transfer Price provided that:-

(a) the Board shall refuse registration of the proposed transferee:

(i) unless the proposed transferee has a minimum net worth of not less than the Relevant Amount where the "**Relevant Amount**" means

$$\frac{\text{US\$200,000,000} \times \text{the number of Sale Shares}}{\text{the total number of Shares in issue}}$$

(ii) where the Seller is not a member of the AerCap Group, if the proposed transferee is or could reasonably be considered to be an international aircraft operating lessor (an "**AerCap Competitor**") or a nominee or a Related Company of or a person connected with a Competitor;

(iii) where the Seller is not a member of the LoadAir Group, if the proposed transferee is or could reasonably be considered to be an international aircraft operating lessor carrying on or proposing to carry on business in competition with any member of the LoadAir Group (a "**LoadAir Competitor**") or a nominee or a Related Company of or a person connected with a LoadAir Competitor; or

(iv) if arising from such registration, the proposed transferee would hold more than 50% and less than 100% of the Share Capital.

(b) if the Seller stipulated in the Transfer Notice that unless all the Sale Shares were sold none should be sold, the Seller shall not be entitled, save with the written consent of all of the other holders, to sell hereunder only some of the Sale Shares comprised in the Transfer Notice to such person or persons; and

(c) any such sale shall be a bona fide sale and the Board may require to be satisfied in such manner as it may reasonably require that the Sale Shares are being sold in pursuance of a bona fide sale for not less than the Transfer Price without any deduction, rebate or allowance whatsoever to the buyer and, if not so satisfied, may refuse to register the instrument of transfer.

16. **Valuation of Shares**

16.1 If the Valuer is required to determine the price at which Shares are to be transferred pursuant to these Articles, such price shall be the amount the Valuer shall, on the

application of the Board (which application shall be made as soon as practicable following the time it becomes apparent that a valuation pursuant to this Article 16 is required), certify in writing to be the price which, in its opinion, represents a fair value for such Shares as between a willing seller and a willing buyer as at the date the Transfer Notice or deemed Transfer Notice is given. Any such determination shall not take any account of whether or not the Sale Shares comprise a majority or a minority interest in the Company or of the fact that the transfer of such Shares is restricted under these Articles or the Agreement.

16.2 In so certifying, the Valuer shall act as an expert and not as arbitrator and its decision shall be conclusive and binding on the Company and upon all of its holders for the purposes of these Articles.

16.3 The costs of the Valuer shall be borne by the Company.

16.4 The Company shall:-

(a) fully co-operate with the Valuer in its carrying out of a valuation pursuant to this Article 16;

(b) comply with all reasonable requests of the Valuer; and

(c) provide the Valuer with all information requested by the Valuer to enable it to carry out a valuation pursuant to this Article 16.

17. **Compliance and disenfranchisement**

17.1 For the purpose of ensuring (i) that a transfer of Shares is duly authorised under these Articles or (ii) that no circumstances have

arisen whereby a Transfer Notice is required to be or ought to have been given under these Articles the Board may require:-

(a) any holder;

(b) the legal personal representatives of any deceased holder;

(c) any person named as transferee in any transfer lodged for registration; or

(d) such other person as the Board or any such holder may reasonably believe to have information relevant to such purpose,

to furnish to the Company within seven days or such longer period as the Board may determine (the "**Enquiry Period**") such information and evidence as the Board may think fit regarding any matter which they deem relevant to such purpose, including (but not limited to) the names, addresses and interests of all persons respectively having interests in any Shares which are relevant for such purpose.

17.2 If the Board makes an enquiry pursuant to Article 17.1, and the purpose of the enquiry was to establish whether:-

(a) a transfer of Shares which has not as yet been registered is duly authorised, and the Board determines to its reasonable satisfaction, on the basis of the

information or evidence furnished to it within the Enquiry Period (if any) as a result of such enquiry, that the transfer of Shares is not duly authorised, the Board shall refuse to register such transfer;

(b) a transfer of Shares which has already been registered was duly authorised, and the Board determines to its reasonable satisfaction, on the basis of the information or evidence furnished to it within the Enquiry Period (if any) as a result of such enquiry, that the transfer of Shares was not duly authorised, the Board shall give written notice to the holder(s) of the relevant Shares notifying them of such fact and, if such matter is not remedied within 14 days of such notice, those Shares shall immediately cease to confer upon the holder(s) thereof (or any proxy) any rights:-

(i) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at a separate meeting of the class in question); or

(ii) to receive dividends or other distributions (other than the Issue Price of such shares upon a return of capital),

(iii) otherwise attaching to such Shares or to any further Shares issued in right of such Shares or in pursuant of an offer made to the relevant holder(s) PROVIDED THAT such rights shall be immediately re-instated in respect of any such Shares upon the matter being remedied; or

(c) a Transfer Notice is required to be or ought to have been given, and the Board determines to its reasonable satisfaction, on the basis of the information or evidence furnished to it within the Enquiry Period (if any) as a result of such enquiry, that a Transfer Notice is required or ought to have been given, a Transfer Notice shall be deemed to have been given by the holder of the relevant Shares in respect of such Shares.

17.3 If a Shareholder commits or suffers a Financing Event of Default (a "**Defaulting Shareholder**"), the Shares held by that Shareholder on the occurrence of the Financing Event of Default ("**Defaulting Shares**") shall with immediate effect on the occurrence of the Financing Event of Default cease to confer to the holder(s) thereof (or any proxy) from time to time any rights whatsoever, including any right:-

(a) to attend at any meeting;

(b) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at a separate meeting of the class in question);

(c) to receive dividends or other distributions;

(d) to receive any return of capital;

(e) under Article 7 or the Agreement to any new Shares;

(f) any rights under Article 15;

(g) any rights as a Shareholder under the Agreement; and

(h) to appoint any director and the office of any director appointed by that Shareholder shall automatically vacated

PROVIDED THAT:

(i) if on a winding up of the Company all other Shareholders have received in respect of all Shares other than non Defaulting Shares held by them the Required ROE the Defaulting Shares shall entitle the holders thereof to participate as though the Shares were not Defaulting Shares in the winding up but only to the extent that they receive the nominal value of the Defaulting Shares; and

(ii) a Defaulting Shareholder shall not be liable to contribute in respect of the Defaulting Shares any part of any Additional Shareholder Capital Tranche which is the subject of a Call Notice issued after the occurrence of the Financing Event of Default.

18. **Transmission of Shares**

In the case of the death of a holder:-

(a) where the deceased was a joint holder of any Share(s), the survivor or survivors shall be the only person(s) recognised by the Company as having any title to his interest in the Share(s); and

(b) where the deceased was a sole holder of any Share(s), or only surviving joint holder, the personal representatives of the deceased shall give, or shall be deemed to have given, a Transfer Notice to the Company indicating that they desire to transfer all of the Shares which were held by the deceased holder and the provisions of Article 15 shall apply accordingly (provided that such Shares shall constitute Sale Shares, and the Transfer Price shall be the Fair Value of the Shares),

provided that nothing in these Articles shall release the estate of a deceased joint holder from any liability in respect of any Share which had been jointly held by him with other persons.

GENERAL

19. **General meetings**

19.1 Subject to Article 19.2, the Company shall in each year hold a general meeting as its annual general meeting in addition to any other meeting in that year, and shall specify the meeting as such in the notices calling it; and not more than 15 months shall elapse between the date of one annual general meeting of the Company and that of the next.

19.2 So long as the Company holds its first annual general meeting within 18 months of its incorporation, it need not hold it in the year of its incorporation or in the year following.

19.3 The annual general meeting shall be held at such time and place as the Directors shall determine. All general meetings other than annual general meetings shall be called extraordinary general meetings and shall be held at such time and place as the Directors shall determine.

19.4 The Directors may whenever they think fit, convene an extraordinary general meeting and an extraordinary general meeting shall also be convened on such requisition, or in default may be convened by such requisitionists, as provided by section 132 of the Act.

19.5 A resolution in writing (other than one in respect of which extended notice is required by the Act to be given) signed by all the holders for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly appointed representatives) shall be as valid and effective for all purposes as if the resolution had been passed at a general meeting of the Company duly convened and held and, if described as a special resolution, shall be deemed to be a special resolution within the meaning of the Act. Any such resolution may consist of several documents in the like form each signed by one or more holders for the time being entitled to attend and vote on such resolution at a general meeting (or being bodies corporate by their duly appointed representatives).

20. **Notice of general meetings**

20.1 Subject to sections 133 and 141 of the Act, an annual general meeting and a meeting called for the passing of a special resolution shall be called by 21 days' notice in writing at the least, and a meeting of the Company (other than an annual general meeting or a meeting for the passing of a special resolution) shall be called by 14 days' notice in writing at the least. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and shall specify the place, the day and the hour of the meeting, and in the case of special business, the general nature of that business, and shall be given, in the manner set out below, to such persons as are, under these Articles entitled to receive such notices from the Company. Every such notice shall comply with the provisions of section 136(3) of the Act as to giving information to holders in regard to their right to appoint proxies.

20.2 (a) A general meeting other than a meeting for the passing of a special resolution shall, notwithstanding that it is called by shorter notice than that specified above, be deemed to have been duly called if it is so agreed by the Auditors and by all the holders entitled to attend and vote thereat.

(b) A resolution may be proposed and passed as a special resolution at a meeting of which less than 21 days' notice has been given, if it is so agreed by a majority in number of the holders having the right to attend and vote at any such meeting, being a majority together holding not less than 90% in nominal value of the Shares giving that right.

20.3 Where, by any provision contained in the Acts, extended notice is required of a resolution, the resolution shall not be effective unless (except when the Directors have resolved to submit it) notice of the intention to move it has been given to the Company not less than 28 days (or such other period as the Acts permit) before the

meeting at which it is to be moved, and the Company shall give to the holders notices of any such resolutions as required by and in accordance with the provisions of the Acts

21. **Proceedings at general meetings**

21.1 All business shall be deemed special that is transacted at an extraordinary general meeting, and also all that is transacted at an annual general meeting, with the exception of declaring a dividend, the consideration of the accounts, balance sheets and the reports of the Directors and Auditors, the reappointment of the retiring Auditors and the fixing of the remuneration of the Auditors.

21.2 No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business. A quorum shall consist of not less than two holders present in person or by proxy.

21.3 If within half an hour from the time appointed for the meeting a quorum is not present, the meeting, if convened upon the requisition of holders shall be dissolved; in any other case it shall stand adjourned to the same day in the next week, at the same time and place or to such other day and at such other time and place as the Directors may determine, and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.

21.4 The chairman, if any, of the Directors shall preside as chairman at every general meeting of the Company, or if there is no such chairman, or if he is not present within fifteen minutes after the time appointed for the holding of the meeting or is unwilling to act, the Directors present shall elect one of their number to be chairman of the meeting.

21.5 If at any meeting no Director is willing to act as chairman or if no Director is present within fifteen minutes after the time appointed for the holding of the meeting, the holders present shall choose one of their number to be chairman of the meeting.

21.6 The chairman may, with the consent of any meeting at which a quorum is present, and shall if so directed by the meeting, adjourn the meeting from time to time and from place to place, but no business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place. When a meeting is adjourned for thirty days or more, notice of the meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

21.7 At any general meeting a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is (before or on the declaration of the result of the show of hands) demanded:

(a) by the chairman; or

(b) by at least two holders present in person or by proxy; or

(c) by any holder or holders present in person or by proxy and representing not less than one-tenth of the total voting rights of all the holders having the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairman that a resolution has, on a show of hands, been carried or carried unanimously, or by a particular majority, or lost, and an entry to that effect in the book containing the minutes of the proceedings of the Company shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution. The demand for a poll may be withdrawn.

21.8 Except on the questions of the appointment of a chairman or of an adjournment (in which cases a poll shall be taken immediately) a poll shall be taken in such manner and at such a time as the chairman of the meeting may direct, and the result of a poll shall be deemed to be the resolution of the meeting.

21.9 When there is an equality of votes, the chairman of the meeting shall not be entitled to a second or casting vote

22. **Voting rights**

22.1 Subject to any rights or restrictions for the time being attached to any class or classes of Shares, on a show of hands every holder present in person and every proxy shall have one vote, so, however, that no individual shall have more than one vote, and on a

poll every holder shall have one vote for each Share of which he is the holder.

22.2 Where there are joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders; and for this purpose seniority shall be determined by the order in which the names stand in the Register.

22.3 A holder of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, by his committee, receiver, guardian or other person appointed by that court, and any such committee, receiver, guardian or other person may vote by proxy.

22.4 Unless the Directors determine otherwise, no holder shall be entitled to vote at any general meeting unless all calls or other sums immediately payable by him in respect of Shares have been paid.

22.5 No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes. Any such objection made in due time shall be referred to the chairman of the meeting, whose decision shall be final and conclusive.

22.6 Votes may be given either personally or by proxy and a person entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

22.7 The instrument appointing a proxy shall be in writing under the hand of the appointer or of his attorney duly authorised in writing, or, if the appointer is a body corporate, either under seal or under the hand of an officer or attorney duly authorised. A holder

shall in addition be entitled to appoint a proxy by facsimile transmission but no such appointment shall be valid unless or until any a Director shall have endorsed the same with a certificate that he is satisfied as to the authenticity thereof. A proxy need not be a holder and a holder may appoint more than one proxy.

22.8 The instrument appointing a proxy and the power of attorney or other authority, if any, under which it is signed or a notarially certified copy of that power or authority shall be deposited at the Office or at such other place within the State as is specified for that purpose in the notice convening the meeting, before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll before the time appointed for the taking of the poll, and, in default, the instrument of proxy shall not be treated as valid.

22.9 The instrument appointing a proxy shall be deemed to confer authority to demand or join in demanding a poll.

22.10 An instrument appointing a proxy shall be in the following form or in any other form which the Directors may accept:

"AerVenture Limited

I/We of

being a member/members of the above-named Company hereby appoint •of • or failing him, • of • as my/our proxy to exercise the voting rights attached to [all / •] of the shares in the Company held by me/us on my/our behalf at the (annual or extraordinary, as the case may be) general meeting of the Company to be held on • 200• and at any adjournment thereof

Signed • 200•.

This form is to be used *in favour of/against the resolution.

Unless otherwise instructed the proxy will vote as he thinks fit.

*Strike out whichever is not desired."

22.11 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or insanity of the principal or revocation of the proxy or of the authority under which the proxy was executed or the transfer of the Share in respect of which the proxy is given, if no intimation in writing of such death, insanity, revocation or transfer as aforesaid is received by the Company at the Office before the commencement of the meeting or adjourned meeting at which the proxy is used.

23. **Bodies corporate acting by representatives at meetings**

Any body corporate which is a holder may, by resolution of its directors or other governing body, authorise such person as it thinks fit to act as its representative at any meeting of the Company or of any class of holders of the Company, and the person so authorised shall be entitled to exercise the same powers on behalf of the body

corporate which he represents as that body corporate could exercise if it were an individual holder

24. **Directors**

24.1 The number of the Directors shall be not less than two nor more than eight. The Directors shall not retire by rotation.

24.2 Directors shall be appointed and removed in accordance with the Agreement. Subject to the Agreement:-

(a) without prejudice to section 182 of the Act, the Company may, by ordinary resolution, remove any Director before the expiration of his period of office notwithstanding anything in these Articles or in any agreement between the Company and such Director. Such removal shall be without prejudice to any claim such Director may have for damages for breach of any contract of service between him and the Company; and

(b) the continuing Directors may act notwithstanding any vacancy in their number, but if and so long as the number of Directors is reduced below the minimum number fixed by or in accordance with these Articles the continuing Directors or Director may act for the purpose of summoning a general meeting of the Company, but not for any other purpose. If there be no Directors or Director able or willing to act, then any two holders may summon a general meeting for the purpose of appointing Directors.

24.3 A Director shall not require a share qualification but nevertheless shall be entitled to attend and speak at any general meeting.

24.4 Subject to the Agreement, the remuneration of the Directors shall from time to time be determined by the Directors and shall be deemed to accrue from day to day. The Directors may also be paid all travelling, hotel and other expenses properly incurred by them in attending and returning from meetings of the Directors or any committee of the Directors or general meetings of the Company or in connection with the business of the Company.

24.5 Subject to the Agreement, any Director who serves on any committee or who devotes special attention to the business of the Company or who otherwise performs services which in the opinion of the Directors are outside the scope of the ordinary duties of a Director may be paid such extra remuneration by way of salary, commission, participation in profits or otherwise as the Directors may determine.

24.6 Subject to the Agreement, the office of a Director shall be vacated automatically:

(a) if he is adjudicated bankrupt, or any event equivalent or analogous thereto occurs, in the State or any other jurisdiction or he makes any arrangement or composition with his creditors generally; or

(b) if he becomes of unsound mind;

(c) if he ceases to be a Director or be prohibited from being a Director by an Order made, under any provision of the Acts;

(d) if he resigns his office by notice in writing to the Company;

(e) if the Court makes a declaration in respect of him under section 150 of the Companies Act, 1990;

(f) if he is removed under Article 24.2(a); or

(g) if any Shareholder fails to procure his removal as required under of the Agreement immediately on becoming required to do so.

24.7 Subject to the Agreement, the Directors may from time to time appoint one or more of their body to be the holder of any executive office including the office of chairman or deputy chairman or managing or joint managing director on such terms and for such period as they think fit and subject to the terms of any agreement entered into in any particular case may revoke such appointment provided that:-

(a) a Director so appointed to the office of managing or joint managing director shall automatically cease to hold such office if he ceases from any cause to be a Director.

(b) a Director so appointed to any other executive office shall automatically cease to hold such office if he ceases from any cause to be a Director, unless the contract or resolution under which he holds office shall expressly state otherwise.

(c) a Director holding any such executive office shall receive such remuneration, whether by way of salary, commission, participation in profits or otherwise or partly in one way and partly in another as the Directors may determine.

(d) the Directors may confer upon a Director holding any such executive office any of the powers exercisable by them as Directors upon such terms and conditions as they deem fit (but not to the exclusion of their own powers), and may from

time to time revoke, withdraw or vary all or any such powers.

25. **Alternate directors**

25.1 A Director may appoint any other person as his alternate Director and may at any time revoke any such appointment.

25.2 Any alternate Director shall be entitled to notice of meetings of Directors, to attend and vote as a Director at any meeting at which his appointer is not personally present, and generally, in the absence of his appointer, to exercise all the functions of his appointer as a Director.

25.3 An alternate Director shall while acting as such be deemed an officer of the Company and not the agent of his appointer. An alternate Director shall not be entitled to receive from the Company any part of the appointer's remuneration.

25.4 An alternate Director shall cease to be an alternate Director if for any reason his appointment is revoked or his appointer ceases to be a Director.

25.5 All appointments and revocations of appointments of alternate Directors shall be in writing under hand of the appointer left at the Office, or sent by facsimile transmission to the Office signed in the name of the appointer provided that in such case the appointment or revocation shall not be effective unless a Director shall have endorsed a copy of such facsimile transmission with his certificate that he is satisfied as to the authenticity thereof.

26. **Borrowing powers**

Subject to the Agreement, the Directors may without any limitation as to amount exercise all the powers of the Company to borrow or raise money, and to mortgage or charge its undertaking, property and uncalled capital, or any part thereof, and, subject to section 20 of the 1983 Act, to issue debentures, debenture stock and other securities, whether outright or as security for any debt, liability or obligation of the Company or of any third party

27. **Powers and duties of directors**

27.1 The business of the Company shall be managed by the Directors, who may exercise all such powers of the Company and do on behalf of the Company all such acts, as may be exercised and done by the Company and as are not, by the Acts or by these Articles, required to be exercised or done by the Company in general meeting, subject, nevertheless, to any of these Articles, the Agreement and to such directions being not inconsistent with the aforesaid Articles or provisions as may be given by the Company in general meeting; but no direction given by the Company in general meeting shall invalidate any prior act of the Directors which would have been valid if that direction had not been given.

27.2 The Directors may from time to time and at any time by power of attorney appoint any company, firm or person or body of persons, whether nominated directly or indirectly by the Directors, to be the attorney or attorneys of the Company for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Directors under these Articles) and for such period and subject to such conditions as they may think fit, and any such power of attorney may contain such provisions for the protection of persons dealing with any such attorney as the Directors may think fit, and may also authorise any such attorney to delegate all or any of the powers, authorities and discretions vested in him.

27.3 A Director who is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the meeting of the Directors at which the question of entering into a contract or arrangement is first taken into consideration, if his interest then exists, or in any other case at the first meeting of the Directors after he becomes so interested. A general notice given by a Director to the effect that he is a member of a specified company or firm and is to be regarded as interested in all transactions with such company or firm shall be sufficient declaration of interest under this Article, and after such general notice is given it shall not be necessary to give any special notice relating to any subsequent transaction with such company or firm, provided that either the notice is given at a meeting of the Directors or the Director giving the notice takes reasonable steps to secure that it is brought up and read at the next meeting of the Directors after it is given.

27.4 A Director may vote in respect of any contract appointment or arrangement in which he is interested and he shall be counted in the quorum present at the meeting.

27.5 A Director may hold any other office or place of profit under the Company (other than the office of auditor) in conjunction with his office of Director for such period and on such terms as to remuneration and otherwise as the Directors may determine, and no Director or intending Director shall be disqualified by his office from contracting with the Company either with regard to his tenure of such other office or place of profit or as vendor, purchaser or otherwise, nor shall any such contract or any contract or arrangement entered into by or on behalf of the Company in which any Director is in any way interested, be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or arrangement by reason of such Director holding that office or of the fiduciary relation thereby established.

27.6 All cheques, promissory notes, drafts, bills of exchange, and other negotiable instruments and all receipts for moneys paid to the Company shall be signed, drawn, accepted, endorsed or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

27.7 The Directors may procure the establishment and maintenance of or participate in, or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons (including Directors and other officers) who are or shall have been at any time in the employment or service of the Company or of any company which is or was a subsidiary of the Company or of the predecessors in business of the Company or any such subsidiary or holding company and the wives, widows, families, relatives or dependants of any such persons. The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid, or its members, and payments for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object. Provided that any Director shall be entitled to retain any benefit received by him hereunder, subject only, where the Acts require, to proper disclosure to the holders and the approval of the Company in general meeting.

27.8 The Directors shall cause minutes to be made in books provided for the purpose:

(a) of all appointments of officers made by the Directors;

(b) of the names of the Directors present at each meeting of the Directors and of any committee of Directors; and

(c) of all resolutions and proceedings at all meetings of the Company and of the Directors and of any committee of Directors

28. **Proceedings of Directors**

28.1 The Directors may meet together for the despatch of business, adjourn and otherwise regulate their meetings as they think fit. Questions arising at any meeting shall be decided by a majority of votes. Where there is an equality of votes the Chairman shall not have a second or casting vote. Any person acting as an alternate at any meeting of Directors shall have one vote in respect of each person who shall have appointed him as such alternate (in addition, if he is a Director to the vote exercisable by him in such capacity).

28.2 A Director may and the Secretary on the request of a Director shall, at any time summon a meeting of the Directors.

28.3 The quorum necessary for the transaction of the business of the Directors shall be two individuals personally present.

28.4 Subject to the Agreement, the Directors may from time to time appoint a chairman of meetings of the Directors and shall notify the secretary in writing of such appointment.

28.5 The Directors may delegate any of their powers to committees consisting of such member or members of their body as they think fit. Any committee so formed shall in the exercise of any power so delegated conform to any regulations that may from time to time be imposed upon it by the Directors.

28.6 The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of these Articles regulating the meeting and proceedings of the Directors, so far as the same are applicable and are not superseded by any regulations made by the Directors under the last preceding Article.

28.7 All acts done by any meeting of the Directors or by any committee appointed under Article 28.5 or by any person acting as a Director shall, notwithstanding that it be afterwards discovered that there was some defect in the appointment of any such Director or member of a committee or person acting as aforesaid, or that they or any of them were disqualified, be as valid as if such defect had not occurred.

28.8 The Directors may appoint any managers or agents for managing any of the affairs of the Company, either in the State or elsewhere, and may fix their remuneration, and may delegate to any manager or agent any of the powers, authorities and discretions vested in the Directors, with power to sub-delegate, and any such appointment or delegation may be made upon such terms and subject to such conditions as the Directors may think fit, and the Directors may remove any person so appointed, and may annul or vary any such delegation, but no person dealing in good faith and without notice of any such annulment or variation shall be affected thereby.

28.9 A resolution in writing signed by all the Directors shall be as valid as if it had been passed at a meeting of the Directors duly convened and held and may consist of several documents in the like form each signed by one or more Directors. Such a resolution may also consist of one or more facsimile transmissions in like form signed in the name of all of the Directors provided that in the case of each such facsimile transmission a Director shall have endorsed the same with a certificate stating that he

is satisfied as to the authenticity thereof. For the purpose of this Article the signature of an alternate Director shall suffice in lieu of the Director whom he represents.

28.10 For the purposes of these Articles, the contemporaneous linking together by telephone or other means of audio communication of a number of Directors not less than the quorum shall be deemed to constitute a meeting of the Directors, and all the provisions in these Articles as to meetings of the Directors shall apply to such meetings provided that:-

(a) each of the Directors taking part in the meeting is able to speak, be heard and to hear each of the other Directors taking part;

(b) at the commencement of the meeting each Director acknowledges his presence and that he accepts that the conversation shall be deemed to be a meeting of the Directors; and

(c) a Director may not cease to take part in the meeting by disconnecting his telephone or other means of communication unless he has previously obtained the express consent of the chairman of the meeting, and a Director shall be conclusively presumed to have been present and to have formed part of the quorum at all times during the meeting unless he has previously obtained the express consent of the chairman of the meeting to leave the meeting as aforesaid.

A minute of the proceedings at such meeting by telephone or other means of communication shall be sufficient evidence of such proceedings and of the observance of all necessary formalities if certified as a correct minute by the chairman of the meeting.

29. **Secretary**

29.1 The Secretary shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they think fit; and any Secretary so appointed may be removed by them.

29.2 Anything by the Acts or these Articles required or authorised to be done by or to the Secretary may be done by or to any assistant or acting secretary, or if there is no assistant or acting secretary capable of acting, by or to any officer of the Company authorised generally or specially in that behalf by the Directors provided that any provision of the Acts or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in the place of, the Secretary

30. **The seal**

30.1 The common seal of the Company shall be used only by the authority of the Directors or of a committee of Directors authorised by the Directors in that behalf, and every instrument to which the common seal of the Company shall be affixed shall be signed by a Director and shall be countersigned by the Secretary or by a second Director or by some other person appointed by the Directors for the purpose.

30.2 The Company may exercise the powers conferred by section 41 of the Act with regard to having an official seal for use abroad, and such powers shall be vested in the Directors

31. **Register of directors' Share and debenture holdings**

The Register of Directors' Share and Debenture Holdings shall be open to the inspection of any holder or any holder of debentures of the Company on each day during which the same is bound to be open for inspection pursuant to the Acts

32. **Authentication of documents**

32.1 Any Director or the Secretary or any person appointed by the Directors for the purpose, shall have power to authenticate any documents affecting the constitution of the Company and any resolutions passed by the Company or the Directors, and any books, records, documents and accounts relating to the business of the Company, and to certify copies thereof or extracts therefrom as true copies or extracts; and where any books, records, documents or accounts are elsewhere than at the Office, the local manager or other officer of the Company having the custody thereof shall be deemed to be a person appointed by the Directors as aforesaid.

32.2 A document purporting to be a copy of a resolution of the Directors or an extract from the minutes of a meeting of the Directors which is certified as such in accordance with the provisions of the last preceding Article, shall be conclusive evidence in favour of all persons dealing with the Company upon the faith thereof that such resolution has been duly passed, or, as the case may be, that such extract is a true and accurate record of a duly constituted meeting of the Directors

33. **Dividends**

33.1 Subject to the Agreement, the Company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Directors.

33.2 Subject to the Agreement, the Directors may from time to time pay to the holders such interim dividends as appear to the Directors to be justified by the profits of the Company. Subject to Article 33.1 if at any time the share capital of the Company is divided into different classes, the Directors may pay such interim dividends in respect of those Shares in the capital of the Company which confer on the holders thereof deferred or non-preferred rights as well as in respect of those Shares which confer on the holders thereof preferential rights with regard to dividend, and provided that the Directors act bona fide they shall not incur any responsibility to the holder of Shares carrying a preference for any damage that they may suffer by reason of the payment of an interim dividend on any Shares having deferred or non-preferred rights. The

Directors may also pay half-yearly or at other suitable intervals to be settled by them any dividend which may be payable at a fixed rate if they are of opinion that the profits justify the payment. All dividends shall be paid in the proportion to the numbers of Shares in each class or the amounts paid or credited as paid on the Shares.

33.3 Subject to the rights of persons, if any, entitled to Shares with special rights as to dividend, all dividends shall be declared and paid according to the amounts paid or credited as paid on the Shares in respect whereof the dividend is paid, but no amount paid or credited as paid on a Share in advance of calls shall be treated for the purposes of this Article as paid on the Share. All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the Shares during any portion or portions of the period in respect of which the dividend is paid; but if any Share is issued on terms providing that it shall rank for dividend as from a particular date, such Share shall rank for dividend accordingly.

33.4 No dividend or interim dividend shall be paid otherwise than in accordance with the provisions of Part IV of the 1983 Act.

33.5 Subject to the Agreement, the Directors may, before recommending any dividend, set aside out of the profits of the Company such sums as they think proper as a reserve or reserves which shall at the discretion of the Directors be applicable for any purpose to which the profits of the Company may be properly applied, and pending such application may, at the like discretion either be employed in the business of the Company or be invested in such investments as the Directors may lawfully determine. The Directors may also, without placing the same to reserve, carry forward any profits which they may think it prudent not to divide.

33.6 The Directors may deduct from any dividend payable to any holder all sums of money (if any) immediately payable by him to the Company on account of calls or otherwise in relation to any Shares.

33.7 The Directors may retain the dividends payable upon Shares in respect of which any person is under Article 15 entitled to become a holder or which any person under that Article is entitled to transfer until such person shall become a holder in respect thereof, or shall duly transfer same.

33.8 No dividend shall bear interest as against the Company.

33.9 All unclaimed dividends may be invested or otherwise made use of by the Directors for the benefit of the Company until claimed.

33.10 Any dividend, interest or other monies payable in cash in respect of any Share, may be paid by cheque or warrant sent through the post directed to the registered address of the holder, or, where there are joint holders, to the registered address of that one of the joint holders who is first named in the Register, or to such person and to such address as the holder or joint holders may direct. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent or to such person as the holder or joint holders may direct, and payment of the cheque or warrant shall be a good discharge for the Company. Every such cheque or warrant shall be sent at the risk of the person entitled to the money represented thereby.

33.11 Any one of two or more joint holders may give effectual receipts for any dividends, bonuses or other monies payable in respect of the Shares held by them as joint holders.

33.12 Any general meeting declaring a dividend or bonus may direct payment of such dividend or bonus wholly or partly by the distribution of specific assets, and in particular of paid up Shares, debentures or debenture stock of any other company, or in any one or more of such ways, and the Directors shall give effect to such resolution. Where a difficulty arises in regard to such distribution, the Directors may settle the same as they think expedient, and in particular may issue fractional certificates and fix the value for distribution of such specific assets, or any part thereof, and may determine that cash payments shall be made to any holders upon the footing of the value so fixed, in order to adjust the rights of all the parties, and may vest any specific assets in trustees upon trust for the persons entitled to the dividend as the Directors think expedient, and generally may make such arrangements for the allotment, acceptance and sale of such specific assets or fractional certificates, or any part thereof, and otherwise as they think fit.

34. **Accounts**

34.1 The Directors shall cause to be kept such books of accounts as are necessary to comply with the provisions of the Acts. Proper books of account shall not be deemed to be kept if there are not kept such books of account as are necessary to give a true and fair view of the state of the Company’s affairs and explain its transactions.

34.2 The books of account shall be kept at the Office, or at such other place within the State or (subject to compliance with the Acts) outside the State as the Directors think fit, and shall always be open to the inspection of the Directors, or of holders as authorised by the Directors.

34.3 The Directors shall from time to time, determine whether and to what extent and at what times and places and under what conditions or regulations the accounts and books of the Company or any of them shall be open for the inspection of holders, not being Directors, and if all the holder with a right to vote at general meetings so determine in writing no holder (not being a Director) shall have any right of inspecting any account or book or document of the Company except as conferred by statute or authorised by the Directors or by the Company in general meeting.

34.4 The Directors shall from time to time in accordance with the provisions of the Acts cause to be prepared and to be laid before a general meeting of the Company such profit and loss accounts, balance sheets, group accounts (if any) and reports as may be necessary.

34.5 A copy of the Directors' and Auditors' reports, accompanied by copies of the balance sheet, profit and loss account and other documents required by the Acts to be annexed to the balance sheet shall, 21 days at least before the annual general meeting, be delivered or sent by post to the registered address of every holder and every holder of debentures in the Company (whether or not they are entitled to receive notice of the meeting) and to the Auditors provided that if copies of such documents are sent less than 21 days before the date of the meeting, they shall, notwithstanding that fact, be

deemed to have been duly sent if it is so agreed by all the holders entitled to attend and vote at the meeting.

34.6 The Auditors' report shall be read before the Company in general meeting, and shall be open to inspection by any holder.

35. **Capitalisation of profits**

35.1 Subject to the Agreement, the Company may by ordinary resolution on the recommendation of the Directors resolve that it is desirable to capitalise any undistributed profits of the Company (including profits carried and standing to any reserve or reserves) and any accretions of capital assets or other capital surplus not currently required for paying the fixed dividends on any Shares entitled to fixed preferential dividends with or without further participation in profits or, subject as hereinafter provided, any sums standing to the credit of any share premium account, capital redemption reserve fund, capital conversion reserve fund or any other undistributable reserve of the Company and accordingly that the Directors be authorised and directed to appropriate the profits or sum resolved to be capitalised to the holders in the proportion in which such profits or sum would have been divisible amongst them had the same been applied or been applicable in paying dividends and to apply such profits or sum on their behalf, either in or towards paying up the amounts (if any) for the time being unpaid on any Shares or debentures held by such holders respectively, or in paying up in full unissued Shares or debentures of the Company of a nominal amount equal to such profits or sum, or partly in one way and partly in the other, such Shares or debentures to be allotted and distributed credited as fully paid up to and amongst such holders in the proportion aforesaid; provided that the share premium account, the capital redemption reserve fund, the capital conversion reserve fund, any capital surplus arising on the revaluation of unrealised fixed assets and any profits which are not available for distribution may, for the purpose of this Article, only be applied in the paying up of unissued shares (excluding, in the case of the share premium account, the capital redemption reserve fund and the capital conversion reserve fund, redeemable shares) to be issued to members as fully paid.

35.2 Whenever such a resolution as is referred to in Article 35.1 shall have been passed, the Directors shall make all appropriations and applications of the undistributed profits resolved to be capitalised thereby, and all allotments and issues of fully paid Shares and debentures, if any, and generally shall do all acts and things required to give effect thereto with full power to the Directors to make such provision as they shall think fit for the case of Shares or debentures becoming distributable in fractions (and, in particular but without prejudicing the generality of the foregoing, to sell the Shares or debentures represented by such fractions and distribute the net proceeds of such sale amongst the holders otherwise entitled to such fractions in due proportions or to ignore fractions or to accrue the benefit thereof to the Company rather than the members) and also to authorise any person to enter on behalf of all the holders concerned into an agreement with the Company providing for the allotment to them respectively credited as fully paid up of any further Shares or debentures to which they may become entitled on such capitalisation or, as the case may require, for the payment up by the application thereto of their respective proportions of the profits resolved to be capitalised of the amounts remaining unpaid on their existing Shares,

and any agreement made under such authority shall be effective and binding on all such holders.

36. **Auditors**

36.1 Auditors shall be appointed and their duties regulated in accordance with the provisions of the Acts.

36.2 Subject to the provisions of the Acts, all acts done by any person acting as an auditor shall, as regards all persons dealing in good faith with the Company, be valid, notwithstanding that there was some defect in his appointment or that he was at the time of his

appointment not qualified for appointment.

37. **Notices**

37.1 A notice may be given by the Company to any holder either personally or by sending it addressed to that holder to his registered address by post or facsimile transmission and where the notice is given by post, airmail post shall be used in the case of any holder whose registered address is outside of the State. Where a notice or other document is served by post, service of the notice shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the notice, and to have been effected in the case of the notice of a meeting at the expiration of 48 hours after the letter containing the same was posted, and in any other case at the time at which the letter would be delivered in the ordinary course of post; and in proving such service by post, it shall be sufficient to prove that the envelope or wrapper containing the notice was properly addressed and put into the Post Office. A certificate in writing signed by the Secretary or any other officer of the Company that the envelope or wrapper containing the notice was so addressed and posted shall be conclusive evidence thereof. A notice given by facsimile transmission shall be deemed to have been received simultaneously with despatch.

37.2 A notice may be given by the Company to the joint holders of a Share by giving the notice to the joint holder first named in the Register in respect of the Share, and notice so given shall be sufficient notice to all the joint holders.

37.3 A notice may be given by the Company to the persons entitled to a Share in consequence of the death or bankruptcy of a holder by sending it through the post in a prepaid letter addressed to them by name or by the title of the representatives of the deceased or official assignee in bankruptcy or by any like description at the address supplied for the purpose by the person who is claiming to be so entitled, or (until such address has been so supplied) by giving the notice in any manner in which the same might have been given if the death or bankruptcy had not occurred.

37.4 Every legal personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a holder shall be bound by a notice given as aforesaid if sent to the last registered address of such holder, notwithstanding that the Company may have notice of the death, lunacy, bankruptcy, liquidation or disability of such holder.

37.5 The signature to any notice to be given by the Company may be written or printed.

37.6 Where a given number of days' notice, or notice extending over any other period, is required to be given, the day of service shall, unless it is otherwise provided by these Articles or required by the Acts, be counted in such number of days or other period.

37.7 A notice of every general meeting shall be given in any manner authorised pursuant to these Articles to:

(a) every holder entitled to attend and vote thereat; and

(b) every person upon whom the ownership of a Share devolves by reason of his being a personal representative, committee, receiver, curator bonis or other legal curator, assignee in bankruptcy or liquidator of a holder, where the holder but for his or its death, bankruptcy, liquidation or disability would be entitled to receive notice of the meeting; and

(c) the Auditors; and

(d) every Director.

No other person shall be entitled to receive notices of general meetings. Every person entitled to receive notice of a general meeting shall be entitled to attend thereat.

38. **Winding-up**

If the Company is wound up, the liquidator may, with the sanction of an ordinary resolution of the Company and any other sanction required by the Acts, divide among the contributories in specie or kind the whole or any part of the assets of the Company (whether or not they shall consist of property of the same kind) and may, for such purpose, set such value as he deems fair upon any property to be divided as aforesaid, and may determine how such division shall be carried out as between the holders or different classes of holders. The liquidator may, with a like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories as the liquidator, with a like sanction, shall think fit, and the liquidation of the Company may be closed and the Company dissolved, but so that no holder shall be compelled to accept any Shares or other securities whereon there is any liability.

39. **Indemnity**

39.1 Every Director, or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise in relation thereto, including any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgement is given in his favour or in which he is acquitted or in connection with any application under section 391 of the Act or section 42 of the 1983 Act in which relief is granted to him by the Court, and no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. But this Article shall only have effect in so far as its provisions are not avoided by section 200 of the Act.

39.2 Subject to the provisions of the Acts the Directors shall have the power to purchase and maintain insurance for or for the benefit of any persons who are or were at any

time Directors, officers, employees or auditors of the Company or of any subsidiary undertaking of the Company, or who are or were at any time trustees of any pension or retirement benefit scheme for the benefit of any employees or ex employees of the Company or of any subsidiary undertaking, including (without prejudice to the generality of the foregoing) insurance against any liability incurred by such persons in respect of any act or omission in the actual or purported execution or discharge of their duties or in the exercise or purported exercise of their powers or otherwise in connection with their duties, powers or offices.

Exhibit 10.8

Execution Text

DATED **2005**

(1) **AERCAP IRELANDLIMITED**

(2) **INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir")**

(3) **AERVENTURE LIMITED**

JOINT VENTURE AGREEMENT

McCann FitzGerald
Solicitors
2 Harbourmaster Place
International Financial Services Centre
Dublin 1

CONTENTS

AGREED FORM DOCUMENTS

Administrative Agency Agreement
Articles
Cash Management Agreement
Servicing Agreement

ANNEXED DOCUMENT

Aircraft Letter of Intent

THIS AGREEMENT is made on 2005

BETWEEN:

(1) **AERCAP IRELAND LIMITED**, a company incorporated in Ireland (registered no. 51950), whose registered office is at debis AirFinance House, Shannon, Co. Clare, ("**AerCap**");

(2) **INTERNATIONAL CARGO AIRLINES COMPANY KSC** (trading as "LoadAir"), a company incorporated in Kuwait, registered no.109323 whose principal place of business is at Kuwait Free Trade Zone, Moevenpick Way, Kuwait City, P.O. Box 42433 Postal Code 70655 ("**LoadAir**"); and

(4) **AERVENTURE LIMITED**, a company incorporated in Ireland (registered no. 410443) whose registered office is at debis AirFinance House, Shannon, Co. Clare (the "**Company**").

RECITALS:

(A) The Company was incorporated on 7 November 2005 under the Companies Acts 1963 to 2005 and is a private company limited by shares.

(B) The Company has an authorised share capital of €100,000 divided into 100,000 ordinary shares of €1 one of which has been issued or allotted and is fully paid. Such share is currently held by AerCap.

(C) AerCap and LoadAir have agreed that the Company shall be a joint venture vehicle for the purpose of the acquisition and leasing of a fleet of new Airbus aircraft as described in this Agreement. AerCap and LoadAir wish to participate as shareholders in the Company in order to facilitate the achievement of this purpose on the terms set out in this Agreement.

(D) AerCap and LoadAir have further agreed that the Company shall enter into certain services agreements described in this Agreement with AerCap and certain members of the AerCap Group, being services described in the Servicing Agreement, the Administrative Agency Agreement and the Cash Management Agreement.

(E) This Agreement contains the terms upon which AerCap and LoadAir have agreed to invest in the Company and provisions governing the operation of the Company.

NOW IT IS AGREED as follows:

1. **Interpretation**

1.1 Unless the context otherwise requires each of the following words and expressions shall have the following meanings:

"**acting in concert**" has the meaning set out in section 1(3) of the Irish Takeover Panel Act, 1997;

"**Additional AerCap Loan Contribution**" means the non-interest bearing loan of US$18,000,000 made by AerCap to the Company on the date hereof pursuant to

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Clause 3.2 for the purposes described in that Clause and to be capitalised by the issue of Shares at Completion;

"**Additional Aircraft**" means any aircraft from time to time and at any time owned by a member of the Group other than the Initial Aircraft;

"**Additional Shareholder Capital**" means the nominal value of any Shares subscribed for pursuant to Clause 13.4;

"**Additional Shareholder Capital Tranche**" means in respect of a Financing Start Date:

(a) the sum of:

(i) the amount scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the

Relevant Quarter or such other amount (not being more than 115% of the scheduled amount) as the Cash Manager may determine; and

(ii) any amount or amounts scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the quarter immediately before or after the Relevant Quarter as the Cash Manager may determine provided that such amount(s) have not already been subscribed for pursuant to Clause 13.4 and the Cash Manager has confirmed to the Shareholders that such amount(s) are required to be postponed or brought forward as a result of any deferral or acceleration of the relevant payments under the Aircraft Purchase Agreement,

less any amount scheduled in the Equity Drawdown Schedule to be subscribed for in Shares (in cash at par) in the Relevant Quarter which has already been subscribed for pursuant to Clause 13.4 in accordance with paragraph (ii) above; or

(b) such greater amount as the Board may approve with the consent of the Significant Shareholders.

"**Administrative Agency Agreement**" means the agreement to be entered into between the Company and the Administrative Agent in the agreed form and comprising one of the Services Agreements;

"**Administrative Agent**" means AerCap Administrative Services Limited;

"**AerCap Group**" means the Shareholder Group of AerCap;

"**AerCap Warranties**" means the warranties contained in Schedule 3 and "**AerCap Warranty**" means any such warranty;

"**Agreed Proportion**" means, in respect of a Shareholder:

(a) where the term is used in Clauses 13.4, 15.1 and 15.5(c), the percentage which the nominal value of the Shares beneficially owned by that Shareholder at the relevant time bears to the aggregate nominal value of all the issued Shares

from time to time (excluding any Defaulting Shares as defined in Article 17.3); and

(b) where the term is used in any other provision of this Agreement, the percentage which the nominal value of the Shares beneficially owned by that Shareholder at the relevant time bears to the aggregate nominal value of all the issued Shares from time to time;

"**Airbus**" means Airbus SAS;

"**Airbus Confidential Information**" means any information subject to obligations of confidentiality in favour of Airbus under the Aircraft Letter of Intent or Airbus Purchase Agreement;

"**Aircraft**" means Initial Aircraft and Additional Aircraft;

"**Aircraft Letter of Intent**" means the letter of intent dated 23 November 2005 made between Airbus, the Company, and AerCap BV in respect of the Initial Aircraft, a copy of which is annexed hereto and initialled by the parties for the purposes of identification;

"**Aircraft Purchase Agreement**" means the agreement to be entered into between Airbus and the Company on the date of this Agreement inter alia for the purchase by the Company of the Initial Aircraft;

"**Articles**" means the articles of association of the Company in the agreed form to be adopted prior to Completion pursuant to the special resolutions set out in Schedule 6 (and as amended from time to time) and any reference in this Agreement to any Article shall be to that article of the Articles;

"**Auditors**" means the auditors of the Company for the time being;

"**Board**" means the board of Directors;

"**Budget**" means the first annual operating budget of the Company to be agreed at the first Board meeting of the Company after Completion based on an expansion in monthly format of the Model;

"**Business**" has the meaning set out in Clause 2.1;

"**Business Day**" means a day other than a Saturday or Sunday in Ireland on which banks are generally open for business in both Dublin and Kuwait;

"**Business Plan**" means, at the date of this Agreement, the Model and (when agreed) the Budget and, at any subsequent date, the most recent business plan of the Group containing the reports and other material referred to in Clause 10.5 and approved in accordance with Clause 10;

"**Call Notice**" has the meaning set out in Clause 13.4;

"**Cash Management Agreement**" means the agreement to be entered into between the Company and the Cash Manager in the agreed form and comprising one of the Services Agreements;

"**Cash Manager**" means AerCap Cash Manager II Limited;

"**Chairman**" means the chairman of the Board for the time being;

"**Completion**" means completion of the matters provided for in Clause 5 and Schedule 2 in accordance with that Clause and Schedule;

"**Completion Date**" means the date upon which Completion takes place;

"**Companies Acts**" means the Companies Acts 1963 to 2005 and any legislation in whatever form to be construed as one with those Acts;

"**Condition Date**" means in respect of a Condition, the date and time specified in that Condition;

"**Conditions**" means the conditions set out in Clause 4.1 (a) and (b) and "**Condition**" means one such condition;

"**Confidential Information**" means:

(a) any information, data, facts, intelligence and/or material relating to the Group and/or the Business;

(b) any information, data, facts, intelligence and/or material relating to this Agreement and/or any document referred to in this Agreement; and

(c) such information, data, facts, intelligence and/or material as a Shareholder may from time to time provide to any other Shareholder, whether orally or in writing, regarding the structure, business, assets, liabilities, operations, budgets and strategies of the first-mentioned Shareholder or its Shareholder Group;

"**connected with**", in relation to two or more persons, means two or more persons who are connected with each other for the purposes of section 10 of the Taxes Consolidation Act 1997 and a "**Connected Person**" of any person means a person who is connected with that first-mentioned person;

"**Deed of Adherence**" means a deed in the form set out in Part 1 of Schedule 5;

"**Deposit Loan**" means the non-interest bearing loan of US$7,000,000 made to the Company by AerCap for the purposes of paying the partly non-refundable deposit of the same sum to Airbus pursuant to the Aircraft Letter of Intent and to be capitalised by the issue of Shares at Completion;

"**Director**" means a director of the Company for the time being;

"**Draft Business Plan Date**" in respect of a draft Business Plan means 15 October in the year before the start of the financial year to which the draft Business Plan relates,

save in the case of the draft Business Plan for the year to 31 December 2007, in respect of which the Draft Business Plan Date shall be 31 July 2006;

"**Eligible Bank"** means a bank which is acceptable to Airbus in Airbus' sole discretion;

"**Encumbrance**" includes any adverse claim or right or third party right or interest, any equity, any option or right of pre-emption or right to acquire or restrict, any mortgage, charge, assignment, hypothecation, pledge, lien or security interest or arrangement of whatsoever nature, any reservation of title, and any other encumbrance, priority or security interest or similar arrangement of whatever nature;

"**Equity Drawdown Schedule**" means the equity drawdown schedule of the Company contained in Schedule 7;

"**euro**" and "**€**" mean the lawful currency of Ireland;

"**Event of Default**" means in relation to a Shareholder (other than AerCap in the case of paragraph (c) below) the occurrence of any of the following:

(a) that Shareholder fails to make on the due date any payment to the Company which it is required by the Cash Manager to make pursuant to Clause 13 or to deliver the Initial Shareholder Capital Security in accordance with Clause 13.2 provided that if by the Scheduled Date (as defined in Clause 13.3) the Cash Manager has received the Initial Call Amount (as defined in Clause 13.3) payable by a Shareholder pursuant to an exercise of the Initial Shareholder Capital Security in relation to that Shareholder, that Shareholder shall not be deemed to have failed to make payment of that Initial Call Amount for the purposes of this paragraph (a); or

(b) an Insolvency Event occurring in relation to that Shareholder; or

(c) a Relevant Change in Control of that Shareholder without the consent of the Significant Shareholders;

"**Fair Value**" in respect of any Shares, means the fair value of those Shares as determined in accordance with Article 16;

"**Financing Event of Default**" means an Event of Default of the type described in paragraph (a) of the definition of that term;

"**Financing Start Date**" means the date 45 days before the first date of a quarter as set out in the Equity Drawdown Schedule which shall be the "**Relevant Quarter**" in respect of that Financing Start Date;

"**Group**" means the Company and its subsidiary undertakings from time to time (if any), or any of them, as the context requires and "**member of the Group**" shall have a corresponding meaning;

"**Initial Aircraft**" shall mean all of the Aircraft as defined in the Aircraft Purchase Agreement;

"**Initial Shareholder Capital**" means US$100,000,000, comprising the Loan Contributions and the Secured Initial Shareholder Capital;

"**Initial Shareholder Capital Security**" means:

(a) in relation to LoadAir or any person to whom LoadAir or (save in the case of a Related Holder) AerCap has transferred Shares (a "**Relevant Shareholder**") an irrevocable, standby letter of credit or other irrevocable financial instrument issued by an Eligible Bank in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) or such other form of security in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) as may be acceptable to Airbus in Airbus' sole discretion in each case in a form acceptable to Airbus in Airbus' sole discretion and on terms that secure payment by the Relevant Shareholder of the Agreed Proportion of the Secured Initial Shareholder Capital (based on shareholdings at the Security Delivery Date) pursuant to Clause 13.3,

(b) in relation to AerCap (or any Related holder of AerCap) a guarantee of AerCap B.V. acceptable to Airbus issued in favour of the Company (and exercisable on behalf of the Company by the Cash Manager in accordance with Clause 13.3) on terms that secure payment by AerCap of the Agreed Proportion of the Secured Initial Shareholder Capital (based on shareholdings at the Security Delivery Date) pursuant to Clause 13.3

in each case to be delivered pursuant to Clause 13.2.

"**Insolvency Event**" means, in relation to a Shareholder:-

(a) any distress, execution, sequestration or other process being levied or enforced upon or sued out against the property of the Shareholder which is not discharged within 10 Business Days; or

(b) the inability of the Shareholder to pay its debts in accordance with Section 214 of the Companies Act 1963 or any equivalent provision of any applicable law;

(c) the Shareholder ceasing or threatening to cease wholly or substantially to carry on its business, otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other Shareholders, (such approval not to be unreasonably withheld); or

(d) any encumbrancer taking possession of or a receiver or trustee being appointed over the whole or any part of the undertaking, property or assets of the Shareholder; or

(e) the making of an order or the passing of a resolution for the winding up of the Shareholder, otherwise than for the purpose of a reconstruction or amalgamation without insolvency previously approved by the other Shareholder (such approval not to be unreasonably withheld); or

(f) any analogous event occurring in any jurisdiction in respect of the Shareholder;

"**Insurance Servicer**" means AerCap Cash Manager II Limited;

"**Ireland**" means the Republic of Ireland;

"**LoadAir Group**" means the Shareholder Group of LoadAir;

"**LoadAir Loan Contribution**" means the non-interest bearing loan of US$25,000,000 made by LoadAir to the Company on the date hereof pursuant to Clause 3.1 for the purposes described in that Clause and to be capitalised by the issue of Shares at Completion;

"**Loan Contributions**" means the Deposit Loan, the Additional AerCap Loan Contribution and the LoadAir Loan Contribution;

"**Model**" means the cashflow and financial projections for the Company covering the period from 2006 to 2014 as reviewed by KPMG and subsequently amended by mutual agreement as at the date hereof;

"**Nominated Company**" has the meaning given to it in Clause 27.2;

"**Original holder**" means a person who acquires Subscription Shares pursuant to paragraph (d) of Schedule 2 being AerCap or LoadAir as the case may be;

"**Permitted Transferee**" in relation to a Shareholder, means any person or persons to whom Shares formerly held by such Shareholder have been transferred (whether or not by such Shareholder) and held pursuant to Article 14.1 or Article 14.4;

"**quarters**" means consecutive three monthly periods ending on 31 March, 30 June, 30 September and 31 December in any year;

"**Related Company**" has the meaning given to it in the Articles;

"**Related holders**" means in respect of an Original holder any person holding Shares as a nominee of the Original holder pursuant to a transfer pursuant to Article 14.4 and any person holding Shares as a Related Company of the Original holder pursuant to a transfer pursuant to Article 14.1;

"**Relevant Change in Control**" shall be deemed to occur in relation to a Shareholder (other than AerCap) if any person or persons connected with each other or persons acting in concert with each other, any one or more of which (other than LoadAir) is an international aircraft operating lessor, obtains control over the Shareholder. For this purpose, "**control**" has the meaning given by section 432 of the Taxes Consolidation Act 1997;

"**Relevant Number of Votes**" in respect of a Director means a number of votes equal to A where A is calculated as follows:

$$A = \frac{B}{C}$$

where:

B = the nominal value of the Shares beneficially owned by the Significant Shareholder who appointed the Director;

C = the number of Directors appointed by the Shareholder who appointed the Director and who are present at the relevant meeting or whose alternate is present at the relevant meeting,

in each case at the time the number of votes is being determined;

"**Secured Initial Shareholder Capital**" means US$50,000,000 which is to be contributed to the Company pursuant to Clause 13.3 and which is the subject of the Initial Shareholder Capital Security;

"**Security Delivery Date**" means 31 January 2006 save with respect to LoadAir if Airbus has declined to accept the guarantee from Al Fawares as the Initial Shareholder Capital Security in respect of LoadAir in which event the Security Delivery Date for LoadAir shall be the date which is six weeks after such decision is advised by Airbus to LoadAir;

"**Service Providers**" means the Administrative Agent, the Cash Manager and AerCap and the Insurance Servicer in their capacity as Servicers under the Services Agreements;

"**Services Agreements**" means the Administrative Agency Agreement, the Cash Management Agreement and the Servicing Agreement;

"**Servicing Agreement**" means the agreement to be made between the Company, AerCap, the Insurance Servicer, the Administrative Agent and the Cash Manager in the agreed form and comprising one of the Services Agreements;

"**Servicer**" means AerCap acting as Servicer under the Servicing Agreement;

"**Shareholder**" means a beneficial owner of Shares and "**Shareholders**" means all such beneficial owners from time to time and, upon the assignment of its interest by LoadAir to the Nominated Company under Clause 27 below, shall include that Nominated Company for so long as it continues to be a beneficial owner of Shares;

"**Shareholder Capital**" means the aggregate nominal value of all Shares in issue from time to time;

"**Shareholder Group**" means, in respect of a Shareholder, that Shareholder, its parent undertakings and subsidiary undertakings and any other subsidiary undertakings of such parent undertakings, from time to time or any of them as the context requires;

"**Shares**" means the ordinary shares in the capital of the Company from time to time;

"**Significant Shareholder**" means a Shareholder for the time being the beneficial owner of more than 10% in nominal value of all the issued Shares from time to time;

"**Subscription Shares**" means the 50,000,000 Shares the subscription for which by AerCap and LoadAir in equal proportions is provided for in Clause 5 and Schedule 2;

"**Transfer Notice**" has the meaning given to it in the Articles;

"**US$**" means US dollars;

"**Valuer**" has the meaning given to it in the Articles; and

1.2 In this Agreement, unless the context requires otherwise:

(a) a reference to a "**parent undertaking**" and "**subsidiary undertaking**" is to be construed in accordance with the European Communities (Companies: Group Accounts) Regulations, 1992;

(b) a reference to a document in the "**agreed form**" is a reference to a document in a form approved and for the purposes of identification signed by or on behalf of each party;

(c) a reference to a person (including a party to this Agreement) includes a reference to that person's legal personal representatives, successors and permitted assigns;

(d) a reference to a document is a reference to that document as from time to time supplemented or varied;

(e) any reference in this Agreement and/or in the Schedules to any statute or statutory provision shall be deemed to include any statute or statutory provision which amends, extends, consolidates, re-enacts or replaces same, or which has been amended, extended, consolidated, re-enacted or replaced (whether before or after the date of this Agreement) by same and shall include any orders, regulations, instruments or other subordinate legislation made under the relevant statute;

(f) words importing the singular shall include the plural number and vice versa and words importing a gender shall include each gender;

(g) words and phrases the definitions of which are contained or referred to in the Companies Acts shall be construed as having the meanings thereby attributed to them;

(h) any reference to any Clause, sub-Clause, paragraph, Schedule or Appendix shall be a reference to the Clause, sub-Clause, paragraph, Schedule or Appendix of this Agreement in which the reference occurs unless it is indicated that reference to some other provision is intended;

(i) the provisions of the Schedules to this Agreement shall form an integral part of this Agreement and shall have as full effect as if they were incorporated in the body of this Agreement and the expressions "**this Agreement**" and "**the Agreement**" shall be deemed to include the Schedules to this Agreement;

(j) any reference to a "**person**" shall be construed as a reference to any individual, firm, company, corporation, undertaking, government, state or agency of a state, or any association or partnership (whether or not having separate legal personality);

(k) the headings contained in this Agreement and the Schedules are inserted for convenience of reference only and shall not in any way form part of nor affect nor be taken into account in the construction or interpretation of any provisions of this Agreement or the said Schedules;

(l) all references in this Agreement to costs, charges and expenses include any value added tax or similar tax charged or chargeable in respect thereof;

(m) all references in this Agreement to "**indemnify**" and "**indemnifying**" any person against any circumstance include indemnifying and keeping that person harmless from all actions, claims and proceedings from time to time made against that person and all loss or damage and all payments, costs or expenses made or incurred by that person as a consequence of or which would not have arisen but for that circumstance;

(n) references in this Agreement to a "**company**" shall be construed so as to include any company, corporation or body corporate, whenever and however established or incorporated;

(o) the rule known as the ejusdem generis rule shall not apply to the interpretation of this Agreement and accordingly general words, including those introduced by "**other**" or followed by "**including**" shall not be given a restrictive meaning by reason of the fact that they are preceded by words indicating a particular class of acts, matters or things and general words shall not be given a restrictive meaning by reason of the fact that they are followed by particular examples intended to be embraced by general words;

(p) any reference to an Irish legal term for any action, remedy, method of judicial proceeding, legal document, legal status, court, official or any legal concept or thing shall, in respect of any jurisdiction other than Ireland, be deemed to include a reference to what most nearly approximates in that jurisdiction to the Irish legal term;

(q) a reference to the "other Shareholders" or any of them shall include a reference to the "other Shareholder" if there shall be only two Shareholders at the relevant time; and

(r) if a payment would otherwise be required to be made on a day on which banks are not generally open for business in New York the payment shall be required to be made on the next following day which is a Business Day and on which banks are generally open for business in New York.

2. **Object of the Company**

2.1 The primary object of the Company shall be to carry on the business of acquiring, leasing, selling or otherwise disposing of the Aircraft (the "**Business**").

2.2 The Business shall be conducted in the best interests of the Company on sound commercial profit making principles, so as to maximise the risk adjusted present value of the cash flows over the life of the Aircraft from leasing and re-leasing or selling or otherwise disposing of the Aircraft taking into account the then existing and anticipated market conditions affecting the operating leasing of aircraft, the commercial aviation industry generally and any contractual restrictions imposed in any document executed in respect of the Aircraft and without prejudice to the generality of the foregoing in a manner which has as its objective, in so far as practicable, to:

(a) maximise the use of cost effective third party funding;

(b) lease the Aircraft on terms that optimise the balance between credit risk, lease term and remuneration; and

(c) enable the portfolio of Aircraft to be actively traded at optimal values to enable the Shareholders to realise their financial benefits from the transaction.

2.3 The central management and control of the Company shall be exercised in Ireland and each of the Shareholders shall take such steps as are within its control to ensure that the Company is treated by all relevant authorities as being resident for taxation and other purposes in Ireland.

3. **Loan Contributions**

3.1 In consideration for AerCap and the Company agreeing to enter into this Agreement LoadAir hereby pays to the Company the sum of US$25,000,000 on the following basis:

(a) such amount comprises a non-interest bearing loan to the Company by LoadAir;

(b) the Company hereby directs LoadAir to pay or to procure the payment of US$17,500,000 of such amount to Airbus on behalf of the Company and in part satisfaction of the Company's obligations under the Aircraft Purchase Agreement to make a part payment of Predelivery Payments (as defined in the Aircraft Purchase Agreement) under the Aircraft Purchase Agreement (in this Clause 3, the "**Aircraft Payments**"); and

(c) if each Condition is not satisfied or waived on or before the Condition Date the Company undertakes to repay the amount of US$25,000,000 to LoadAir in the case of $7,500,000 thereof within 3 Business Days of the Condition Date and in the case of US$17,500,000 thereof within 3 Business Days of the repayment by Airbus to the Company of the Aircraft Payments.

3.2 In consideration for LoadAir and the Company agreeing to enter into this Agreement, and in addition to the Deposit Loan, AerCap hereby pays to the Company the sum of US$18,000,000 on the following basis:

(a) such amount and the Deposit Loan each comprises a non-interest bearing loan to the Company by AerCap; and

(b) the Company hereby directs AerCap to pay or to procure the payment of US$10,500,000 of such amount to Airbus on behalf of the Company and in part satisfaction of the Company's obligations under the Aircraft Purchase Agreement to make the Aircraft Payments; and

(c) if each Condition is not satisfied or waived on or before the Condition Date the Company undertakes to repay the amount of US$25,000,000 (comprising the Deposit Loan and the Additional AerCap Loan Contribution) to AerCap in the case of US$7,500,000 thereof within 3 Business Days of the Condition Date and in the case of US$17,500,000 thereof within 3 Business Days of the repayment by Airbus to the Company of the Aircraft Payments.

3.3 The Company shall use its best endeavours to procure that Airbus repays to the Company any amount which falls due for repayment under Letter Agreement No 14 to the Aircraft Purchase Agreement.

3.4 The Loan Contributions shall not be repayable otherwise than as provided in Clause 3.1(c) and Clause 3.2(c).

3.5 On Completion the Loan Contributions shall be capitalised by way of subscription for Shares as set out in Schedule 2.

4. **Conditions**

4.1 Except for Clauses 1, 3.1, 3.2 and 3.3, 4, 20, 21 and 25 to 29 (inclusive) this Agreement is conditional upon the following matters having been fulfilled or having been waived in accordance with Clause 4.4:

(a) on or before 13 January 2006 (7pm CET) the conditions precedent to the Aircraft Purchase Agreement having been satisfied in accordance with the terms of the Aircraft Purchase Agreement; and

(b) on or before 13 January 2006 (7pm CET) the Company having obtained a committed offer of a non-recourse borrowing facility from Calyon or another suitable provider of such finance that has been approved by said financiers' credit committee and is subject only to documentation; such facility is to be of an amount that would fund at least 60% of the cost of the pre-delivery payments (including deposits) to be paid by the Company in respect of each of at least the first twenty (20) of the Initial Aircraft, and otherwise on terms at least as favourable to the Company as the following: an upfront fee of 1%, a margin of 1.1% and a commitment fee of the aggregate to 0.40% of the undrawn amount and US$20,000 per annum.

4.2 AerCap undertakes to LoadAir that it will use all reasonable endeavours to procure the satisfaction of each of the Conditions on or before the Condition Date provided that if either Condition is not satisfied or waived in accordance with Clause 4.4 before the Condition Date AerCap shall have no obligation after that date to use reasonable endeavours to procure the satisfaction of the other Condition.

4.3 If any Condition is not satisfied in full or waived in accordance with Clause 4.4 on or before the Condition Date, then no Clause of this Agreement other than this Clause 4

and those Clauses referred to in Clause 4.1 will have any effect and no party shall have any claim or liability to any other party, other than in respect of any breach of those Clauses.

4.4 Each Condition may be waived with the agreement of AerCap and LoadAir on or before the Condition Date.

4.5 AerCap undertakes to LoadAir that it shall procure that prior to Completion the Company shall not carry out any material business or trading activities or incur any material liability or obligation, save for any activities described in paragraph 2.1 of Schedule 3 or any liability or obligation described in paragraph 2.2 of Schedule 3 or any activities carried on or any liability or obligation incurred in pursuance of any obligation of the Company under this Agreement or the Aircraft Purchase Agreement or to achieve satisfaction of the Conditions or which is the subject of an express provision in the Budget, without the prior written consent of LoadAir.

5. **Completion**

5.1 Completion shall take place at the offices of McCann FitzGerald in Dublin immediately following all of the Conditions having been satisfied or waived (or at such other place or date as AerCap and LoadAir agree).

5.2 At Completion all, but not some only, of the actions set out in Schedule 2 shall be taken (to the extent that they have not taken

place prior to Completion).

5.3 Subject to the Subscription Shares being allotted and issued in accordance with paragraph (d) of Schedule 2, AerCap and LoadAir consent to their names being entered in the register of members of the Company in respect of the Subscription Shares to be subscribed for by them and agree that they will take such Shares with the benefit of the rights and subject to the restrictions set out in the Articles.

5.4 The parties consent to the subscriptions provided for in this Clause 5 and Schedule 2 and made pursuant to Clause 13 and waive or agree to procure the waiver of any rights or restrictions which may exist in the Articles or otherwise which might prevent any such subscriptions.

5.5 Subject to Clauses 4.3, 7.10 and 19 this Agreement shall not be rescinded or terminated.

6. **Directors**

6.1 Subject to Clause 9.1(a) the Board shall have responsibility for the supervision and management of the Company and its business.

6.2 For so long as each Shareholder beneficially owns the percentage of the issued Shares set out in column (1) below, it shall be entitled to appoint up to the number of persons set out in column (2) below as Directors and to remove from office any person so appointed and to appoint another person in his place.

(1) Percentage of issued Shares held	(2) Number of Directors
Equal to or greater than 50%	4
Equal to or greater than 25% but less than 50%	2
Greater than 10% but less than 25%	1
Equal to or less than 10%	None

6.3 Each Shareholder agrees with the other parties that if at any time the percentage of the issued Shares which it beneficially owns is reduced (by whatever means) such that the number of Directors which it is entitled to appoint under Clause 6.2 is thereby reduced, it shall forthwith upon such reduction procure the removal of such number of Directors appointed by it as is necessary to reflect this reduction. If any Shareholder fails immediately to procure the removal of a Director(s) as required under this Clause 6.3, the office of such Director(s) shall be automatically vacated.

6.4 Any Director appointed by a Shareholder (or his alternate) voting on a resolution at a meeting of Directors shall be deemed to exercise the Relevant Number of Votes.

6.5 Each Significant Shareholder shall have the right exercisable alternately for a period of one year of nominating one of the Directors to be the Chairman of meetings of the Board and Shareholders and a Chairman so appointed shall hold office as such until the termination of the next annual general meeting following his appointment or (if earlier) the first day after such appointment on which the Shareholder who has nominated such Chairman ceases to be a Significant Shareholder.

6.6 Notwithstanding the generality of Clause 6.5, the first Chairman shall be nominated by AerCap, and the second Chairman shall be nominated by LoadAir.

6.7 If the Chairman is unable to attend any meeting of the Board, then the Shareholder who nominated him shall be entitled to appoint another Director to act as chairman in his place at such meeting.

6.8 In the case of an equality of votes at any meeting of the Board the Chairman shall not be entitled to a second or casting vote and the Chairman shall not have a second or casting vote at any meeting of the Shareholders of the Company.

6.9 Any appointment or removal pursuant to this Clause shall be made by notice in writing served on the Company and the Company agrees to procure that such appointment and/or removal shall be effected as soon as possible following receipt of such notice.

6.10 Notwithstanding any provision of the Articles, each Director and each person appointed to the board of directors of any subsidiary undertaking of the Company shall be entitled to appoint any person to be an alternate director, shall not be entitled to be paid any remuneration by any member of the Group, shall not be required to hold any share qualification, shall not be subject to retirement by rotation and shall

not be removed except by the Shareholder which appointed him or pursuant to Clause 6.3 or pursuant to Article 24.6(a), (c), (d), (e) or (g).

6.11 Each Director shall have the right to be appointed to any committee or sub-committee of or established by the Board provided that this right may be waived by that Director or any other Director appointed by the same Shareholder on his behalf including by

approving the establishment of such committee or sub-committee.

6.12 Each Shareholder agrees with each of the parties that if it removes a Director appointed by it in accordance with this Clause 6 or if any such Director is removed pursuant to Clause 6.3 or Article 24.6 (a), (c), (d) (e) or (g) it shall be responsible for, and shall indemnify the Company and the other Shareholders against, any claims by such Director arising out of the Director's removal or loss of office. Each Shareholder acknowledges that the Company shall not be obliged to procure any insurance in respect of its Directors and officers.

6.13 A quorum for meetings of the Board shall comprise one Director appointed by each Significant Shareholder or their duly appointed alternates present in person, provided that if a quorum is not present the meeting shall be adjourned to the same time and place fourteen days later when the Directors present shall constitute a quorum.

6.14 A meeting of the Board shall, unless otherwise agreed by at least one Director appointed by each of the Significant Shareholders, be called by notice in writing to all Directors of no less than 14 days (exclusive of the date of service or deemed service and the date of the meeting) or such lesser period as may be required to enable the Company to give any instructions, directions, consent or response to the Service Providers in accordance with the terms of the Servicing Agreements and such notice shall specify the place, the day and the hour of the meeting, and the nature of the business to be discussed thereat.

6.15 This Clause 6 shall apply to any subsidiary undertaking of the Company mutatis mutandis provided that for such purposes the term "Shareholders" shall continue to have the meaning set out in Clause 2.

7. **AerCap Warranties**

7.1 In consideration of LoadAir agreeing to enter into this Agreement, AerCap warrants to LoadAir in the terms of the AerCap Warranties.

7.2 Immediately prior to Completion, AerCap shall be deemed to warrant to LoadAir in the terms of the AerCap Warranties. For this purpose only, where in an AerCap Warranty there is an express or implied reference to "the date of this Agreement", that reference is to be also construed as a reference to the "date of Completion".

7.3 Each of the AerCap Warranties is to be construed separately, independently and without prejudice to any other AerCap Warranty and to any matter expressly provided for under this Agreement but is otherwise subject to no qualification whatever.

7.4 Subject to Clause 7.6, AerCap shall not be liable in respect of any claim pursuant to the AerCap Warranties (a "**Relevant Claim**"):

(a) if the amount of the Relevant Claim does not exceed US$500,000;

(b) unless the aggregate amount of all Relevant Claims for which AerCap would otherwise be liable exceeds US$1,000,000 and in the event that the aggregate amount exceeds US$1,000,000, AerCap shall be liable only for the excess; or

(c) to the extent that the aggregate liability of AerCap in respect of all Relevant Claims would exceed US$50,000,000.

7.5 Subject to Clause 7.6, AerCap shall be not liable in respect of a Relevant Claim unless it has been given written notice of the Relevant Claim (containing reasonable details of the grounds on which the Relevant Claim is made) not later than 5 p.m. on the second anniversary of Completion. A Relevant Claim so notified and not satisfied settled or withdrawn shall be unenforceable against AerCap on the expiry of the period of nine months starting on the day of such notification unless proceedings in respect of the Relevant Claim have been issued and served on AerCap.

7.6 In the case of fraud by AerCap giving rise to a claim pursuant to the AerCap Warranties its liability in respect of such claim shall not be limited as set out in Clause 7.4 or Clause 7.5.

7.7 AerCap shall not be liable in respect of a Relevant Claim:

(a) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for an act, omission or transaction after Completion by a member, director, employee or agent of any member of the LoadAir Group;

(b) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for the passing of, or a change in, after the date of this Agreement a law, regulation or administrative practice of a government, governmental department, agency or regulatory body, in each case not actually or prospectively in force at the date of this Agreement;

(c) to the extent that the matter giving rise to the Relevant Claim arises wholly or partially from an act, omission or transaction before or after Completion at the written request or with the written consent of a member of the LoadAir Group;

(d) to the extent that the matter giving rise to the Relevant Claim would not have arisen but for any change in the rate of taxation and/or practice of any relevant tax or revenue authority made after the Completion Date with retroactive effect and not in force or announced as coming into force at the date of this Agreement; or

(e) to the extent that the matter giving rise to the Relevant Claim is a matter in respect of which a member of the LoadAir Group or the Company has recovered any amount from a person other than AerCap whether under a provision of applicable law, insurance policy or otherwise.

7.8 If AerCap pays to LoadAir an amount in respect of a Relevant Claim and any member of the LoadAir Group or the Company (the "**Recipient**") subsequently recovers from another person an amount which relates to the matter giving rise to the Relevant Claim:

(a) if the amount paid by AerCap in respect of the Relevant Claim is equal to or more than the amount recovered, LoadAir shall immediately pay to AerCap an amount equal to the sum recovered (less reasonable costs incurred by LoadAir in recovering such amount); and

(b) if the amount paid by AerCap in respect of the Relevant Claim is less than the amount recovered, LoadAir shall, within 10 Business Days of the date of recovery pay to AerCap an amount equal to the amount paid by AerCap (less reasonable costs incurred by the Recipient in recovering such amount).

7.9 AerCap undertakes to LoadAir that it will disclose forthwith (after becoming aware of it) in writing to LoadAir any matter or thing which may arise or become known to it after the date of this Agreement and before Completion which would be inconsistent with any of the AerCap Warranties as if they were repeated on Completion.

7.10 (a) If any of the AerCap Warranties is not or was not true, complete, accurate in all material respects at the date of this Agreement or immediately prior to Completion such that the aggregate liability of AerCap in respect of a claim on foot of such breach would exceed US$50,000,000, LoadAir shall have a right to terminate this Agreement. If LoadAir does not exercise this right, each party shall proceed to Completion as far as is practicable but without prejudice to its rights (whether under this Agreement, generally, or under this clause).

(b) LoadAir shall not have the right to terminate this Agreement in the event of any breach of the AerCap Warranties other than as provided in Clause 7.10(a).

(c) The rights and remedies of LoadAir in respect of a breach of any of the AerCap Warranties shall not be affected:

(i) by Completion; or

(ii) by LoadAir terminating this Agreement pursuant to Clause 7.10(a),

except by a specific and duly authorised written waiver or release by LoadAir.

7.11 Each Party warrants to each other Party that:

(a) it is validly incorporated with limited liability and is duly incorporated or organised and validly existing under the applicable laws of its jurisdiction of incorporation or organisation and has the power and all necessary governmental and other consents, approvals, licences and authorities under any applicable jurisdiction to own its material assets and carry on its business substantially as it is conducted on the date of this Agreement;

(b) it has full power and authority to enter into and perform this Agreement and any other agreements referred to in this Agreement to which it is a party and no limits on its powers will be exceeded as a result of the taking of any action contemplated by any such agreement;

(c) all actions, conditions and things required to be taken, fulfilled and done (including the obtaining of any necessary consents and approvals), in order to enable it lawfully to enter into, exercise its rights and perform and comply

with its obligations contained in this Agreement and any other agreements referred to in this Agreement to which it is a party have been so taken, fulfilled or done and the requisite resolutions of its board of directors have been duly and properly passed at a duly convened and constituted meetings at which all statutory and other relevant formalities were observed to authorise its execution and performance of this Agreement and any other agreements referred to in this Agreement to which it is a party and such resolutions are in full force and effect and have not been varied or rescinded;

(d) when executed, this Agreement and any other agreements referred to in this Agreement to which it is a party, will constitute legal, valid and binding obligations on it in accordance with their terms; and

(e) neither the execution nor the delivery of this Agreement and any other agreements referred to in this Agreement to which it is a party, nor the carrying out of any transaction or the exercise of any rights or the performance of any obligations contemplated by this Agreement and any other agreements referred to in this Agreement to which it is a party will result in:-

(i) violation of any law to which it is subject;

(ii) any breach of any of its constitutional documents;

(iii) any breach of any deed, agreement, instrument or obligation made with or owed to any other person; or

(iv) any breach of any order, judgment or decree of any Court or governmental agency to which it is a party or by which it is bound; and

(f) it is not involved in or engaged in any litigation, arbitration or other legal proceedings of a litigious nature (whether as plaintiff, claimant or defendant and whether civil, criminal or administrative) which is likely to be adversely determined and, if adversely determined, would have an adverse effect on its ability to perform its obligations under this Agreement and any other agreements referred to in this Agreement to which it is a party.

7.12 No person to whom AerCap transfers or disposes of Shares shall have any liability under or in respect of the AerCap Warranties whether under a Deed of Adherence or otherwise.

8. **Provision of information to the Shareholders**

8.1 The Company shall supply the Shareholders with the following information (in addition to the information referred to in Clause 10):

(a) the audited accounts of the Company and the audited consolidated accounts of the Group for each financial year (together with copies of any management letters produced by the Auditors in connection with the annual audit) as soon as practical, and at the latest by four months after the end of that financial year; and

(b) quarterly management accounts for the Group consisting of a balance sheet, profit and loss account, cashflow statement and cashflow forecast for the following three months together with a review of the relevant Business Plan, a comparison against actual results and a summary of material contracts entered into by the Group in that quarter as soon as practical, and at the latest by six weeks after the end of each quarter.

8.2 Each Shareholder and each Director shall be entitled to examine the books and accounts kept by each member of the Group during normal business hours and on reasonable prior notice and shall be permitted to take and remove copies of such books and accounts.

8.3 Each Director appointed by a Significant Shareholder shall be entitled to exercise all rights of the Company under the Services Agreement to make enquiries of and receive information from the Service Providers.

8.4 Each Shareholder and Director shall be entitled to have at all reasonable times the facility of remote electronic access to the contract management and other appropriate systems of the AerCap Group relating to the Aircraft and the Business but only to the extent that those systems give access to information relating solely to the Aircraft and the Business.

8.5 (a) Subject to Clause 8.5(b) a Director may pass any information received from the Group or a party to the Services Agreement to a Shareholder and a Shareholder may pass any information received from the Group or a Director to:

(i) any member of the Shareholder Group;

(ii) any adviser to, trustee or manager of any member of the Shareholder Group;

(iii) the Shareholder's investment adviser and any of its other professional advisers; and

(iv) any prospective purchaser of the Shares of the Shareholder or any investor or prospective investor in any member of the Shareholder Group.

(b) No information which comprises Airbus Confidential Information shall be disclosed to a person pursuant to Clause 8.5(a) unless that person shall have entered in a confidentiality agreement with respect to such information either with Airbus or, if Airbus so agrees, with the Company and in either case in a form satisfactory to Airbus.

9. **Conduct of the Company's affairs**

9.1 Each Shareholder undertakes to each other Shareholder that it shall comply with its obligations under this Agreement and shall exercise all voting rights and other powers of control available to it in relation to the Company and the Directors or otherwise so as to procure (insofar as it is able by the exercise of such rights and powers) that at all times during the term of this Agreement:

(a) no member of the Group undertakes any matter referred to in Part A, Part B or Part C of Schedule 4 unless the consent requirements in respect of that matter specified to Schedule 4 have been satisfied;

(b) full effect is given to the terms and conditions of this Agreement;

(c) the business of the Group:

(i) consists exclusively of the Business;

(ii) is properly managed and carried on in an effective and businesslike manner in accordance with Clause 2.2;

(iii) is carried on in compliance with all applicable laws;

(d) the operation, expansion and development of the Business is controlled by the Company and that the Company does not enter into any contract or transaction whereby the Business would or might be controlled otherwise than by the Board;

(e) subject to the Services Agreements, each member of the Group keeps books of account and makes true and complete entries in those books of all its dealings and transactions of and in relation to its business and, where applicable, the business of any other relevant member of the Group;

(f) each Shareholder is supplied with information and access in accordance with Clause 8;

(g) each member of the Group complies with the provisions of its memorandum and articles of association;

(h) at least 4 Board meetings are held each year and that, in any case, the intervals between Board meetings shall not exceed 4 months;

(i) subject to Clause 6.12 each member of the Group is insured with an insurer approved by the Insurance Servicer under the Servicing Agreement against appropriate risks to the extent and in accordance with good commercial practice in each case as recommended by the Insurance Servicer and remains so insured at all times;

(j) no disposal of Shares is made or registered other than in compliance with Clause 15 and the Articles, as applicable; and

(k) the Company is managed and controlled in Ireland and that all Board meetings are held in Ireland.

9.2 Clause 9.1(a) shall have effect notwithstanding, and prevail over, any other provision of this Agreement and, as between the Shareholders, any provision of the Articles.

9.3 Neither the entry by any party into, nor the performance by it of its obligations or the exercise by it of its rights or entitlements under, the Services Agreements or any of them shall constitute a breach of any term or provision of this Agreement.

9.4 To the extent to which it is able to do so by law, the Company undertakes with each of the Shareholders that it will comply with each of the provisions of this Agreement and that it will procure that no matter set out in Part B or Part C of Schedule 4 occurs unless the consent requirements applicable to that matter pursuant to Schedule 4 have been satisfied. Each undertaking by the Company in respect of each provision of this Agreement shall be construed as a separate undertaking and if any of the undertakings is unlawful or unenforceable the remaining undertakings shall continue to bind the Company.

10. Business Plan

10.1 No later than the Draft Business Plan Date the Company shall procure that there shall be prepared in accordance with the Services Agreements and delivered to the Board and each Shareholder a draft Business Plan for that financial year which shall contain the information set out in Clause 10.5. Unless the Board otherwise determines the financial year end of the Company shall be 31 December and if the financial year end of the Company is changed to a date other than 31 December, the dates referred to in Clause 10.1 and 10.2 shall be changed to permit the same period of time for consideration and approval of the draft Business Plan.

10.2 Within 10 Business Days of receiving a draft Business Plan, or, if later, the date (being no later than 30 November in the year before the start of the financial year) on which each Director receives reasonably satisfactory responses to any reasonable queries on the draft Business Plan which may have been raised by the Board or any Director, the Board shall approve the draft Business Plan subject to any amendment which it deems appropriate, whereupon it shall become the Business Plan for the next financial year.

10.3 Any Director may exercise any rights of the Company pursuant to the Services Agreement to seek clarification of any matter included in a draft Business Plan.

10.4 The Board may make written changes to a Business Plan at any time during the financial year to which that Business Plan relates and such changes shall be dealt with in accordance with the Servicing Agreement.

10.5 The information to be contained in a draft Business Plan includes:

(a) a strategy paper recommending how to develop the current and future aircraft portfolio of the Company in terms of additions, disposals and possible deferrals in order to achieve the objectives of the Business;

(b) a marketing plan prepared by the Servicer showing the macro and micro situation for the financial year to which the draft Business Plan relates in detail and the following two years in prospect insofar as it will affect placement of the Aircraft being delivered or in respect of which the leases are due to terminate or expire during such period, together with a commentary on the outlook for the Aircraft and any other relevant facts or analysis;

(c) a technical report covering macro and micro developments affecting the portfolio Aircraft and future deliveries, including details of any significant developments of the Airbus and competing narrowbody families, plus any

widebody market sectors in which current or future Aircraft types will compete;

(d) details of any actual or anticipated legal disputes involving a Group Member as lessor and a Lease (as defined in the Servicing Agreement) and the extent to which they are expected to affect the Aircraft and Business Plan (net of insurance recoveries);

(e) the proposed budgets specified in Clause 7.3(d) of the Servicing Agreement;

(f) a set of projected servicing fees for the applicable period, together with a good faith estimate of the additional reimbursable expenses to be charged to the Company;

(g) an update of the annual projected results for the Company's portfolio of Aircraft to 2014 (or to such other date as may be communicated by the Company to the Administrative Agent by 1 July in the year before the start of the relevant financial year) based on the Model whose assumptions shall have been amended to reflect the latest anticipated market conditions and the recommendations submitted to the Board by the Cash Manager; and

(h) such additional analysis, facts or data as the Service Providers in their sole discretion consider the Board should consider or be aware of or which the Board has requested the Service Providers to provide in accordance with the Services Agreements.

11. **Staff**

The Company shall have no staff.

12. **Dividend policy**

12.1 Subject to Clause 18, the Shareholder shall procure that the profits of the Company available for distribution in accordance with law shall be distributed to the maximum amount permissible by law provided that the Board shall have formed the view that the payment of any such distribution can reasonably be made having regard to the Company's then current and prospective obligations and in accordance with the Company's obligations to third party lenders.

12.2 The Shareholders shall procure that the Board shall not declare any other dividend in respect of a Share before it has paid the Initial Dividend (including any accrued Initial Dividend) in accordance with this Clause 12 provided that the declaration of the Initial Dividend shall be subject to the restrictions and considerations set out in Clause 12.1.

12.3 In Clause 12.2 the Initial Dividend shall mean an annual cumulative dividend payable on a Share at the rate of 8% per annum of the nominal value of that Share with effect from the date of issue of that Share.

12.4 Clause 12.1 shall apply to any subsidiary undertaking of the Company mutatis mutandis, provided that for such purposes, the term "Shareholders" shall mean the parent undertaking of such subsidiary undertaking.

13. **Financing of the Company**

13.1 The Shareholder Capital shall be applied by the Company in accordance with the Business Plan.

13.2 Each Shareholder shall deliver the Initial Shareholder Capital Security to the Company on or before the Security Delivery Date. AerCap will use its reasonable endeavours to seek to persuade Airbus to accept a guarantee from Al Fawares in suitable form as the Initial Shareholder Capital Security in relation to LoadAir, it being accepted by each of AerCap and LoadAir that Airbus may decide in its sole discretion not to accept such a guarantee for such purposes.

13.3 (a) The Shareholders and the Company shall procure that on or before the date by which any tranche of the Secured Initial

Shareholder Capital is scheduled in the Equity Drawdown Schedule to be contributed (the "**Scheduled Date**"):

(i) the Cash Manager shall:

(A) not less then 45 days before the Scheduled Date issue a notice in writing requiring each Shareholder to pay to the Company the Agreed Proportion of that tranche of the Secured Initial Shareholder Capital (the "**Initial Call Amount**") by a date no more than 10 Business Days before the Scheduled Date (the "**Required Payment Date**"); and

(B) if any Shareholder fails to pay the Initial Call Amount by the Required Payment Date, make a call on the Initial Shareholder Capital Security provided by that Shareholder for the Initial Call Amount; and

(ii) on the later of the date of receipt of an Initial Call Amount by the Company and the Scheduled Date, the Board shall issue to the Shareholder in respect of which the Initial Call Amount has been paid, Shares fully paid at par having a nominal value equal to the amount of that Initial Call Amount.

(b) In the event that:

(i) the Secured Initial Shareholder Capital is to be called in more than one tranche pursuant to Clause 13.3(a); and

(ii) a Shareholder who has provided Third Party Security in respect of its obligation to pay the Secured Initial Shareholder Capital pays the Initial Call Amount in respect of that tranche and the Cash Manager is not required to make a call on such Third Party Security in respect thereof,

the Shareholder shall be entitled to reduce the amount to which such Third Party Security relates by the amount of the Initial Call Amount.

13.4 (a) On any date on or before a Financing Start Date the Cash Manager shall by notice in writing (the "**Call Notice**") require that each Shareholder shall pay to

the Company no later than ten Business Days before the Relevant Quarter (the " **Due Date**"), the Agreed Proportion of the Additional Shareholder Capital Tranche (the "**Call Amount**") provided that the Agreed Proportion shall be determined by reference to the shareholdings in the Company as at the date of the Call Notice.

(b) Each Shareholder undertakes to each other Shareholder to pay the Call Amount as set out in any such Call Notice in the manner specified in the Call Notice.

(c) The Board shall issue to a Shareholder who pays a Call Amount, Shares fully paid at par having a nominal value equal to the Call Amount.

(d) Each Shareholder shall provide to the Cash Manager no later than 30 Business Days prior to any quarter specified in the Equity Drawdown Schedule proof that it has sufficient liquid funds or committed funding in an amount sufficient to discharge the amount specified in the Call Notice.

13.5 The Shareholders shall ensure that the Company uses all reasonable endeavours to procure that its requirements for capital to finance the Business in excess of the Initial Shareholder Capital and the Additional Shareholder Capital are met as far as practicable by borrowings on a non-recourse basis to the Shareholders from banks, financial institutions and other customary sources of aviation finance including the Export Credit Agencies. Such borrowings shall be sought and obtained in accordance with the Cash Management Agreement.

13.6 Notwithstanding any other provision of this Clause 13, the provisions of Clause 13 do not constitute any undertaking from any Shareholder to the Company or the Group to provide the Additional Shareholder Capital or any part thereof or any funds (other than the Initial Shareholder Capital) to the Company or the Group or to give any guarantee, security, indemnity or other support in respect of any of the liabilities or obligations of any member of the Group.

14. **Distressed Aircraft**

14.1 The Company shall procure that the Servicer shall:

(a) notify each Shareholder if the Company becomes entitled under the Aircraft Purchase Agreement to acquire a distressed aircraft (the "**Distressed Aircraft**"); and

(b) prepare and provide to each Shareholder a summary of the terms of the proposed acquisition, a summary of the Distressed Aircraft specification and a proposal for such changes to the Business Plan as appear to the Servicer to be required in order for the Company to be able to acquire the Distressed Aircraft (the "**Business Plan Changes**")

in each case within three Business Days of such entitlement arising.

14.2 AerCap shall provide to each other Shareholder full details of any data procured or any analysis prepared by it for the purposes of its own evaluation of any entitlement

which may accrue to it pursuant to Clause 14.5(a) on the same day such details become available to AerCap.

14.3 Provided that all Shareholders expressly approve the Business Plan Changes within 6 Business Days of receipt of notification and the proposal for the Business Plan Changes, the Company shall exercise the entitlement of the Company to acquire the Distressed Aircraft.

14.4 The Shareholders shall within 10 Business Days from the date that all Shareholders have approved the Business Plan Changes (or so much earlier as the Business Plan Changes provide) provide any Additional Shareholder Capital required pursuant to the Business Plan Changes in accordance with Clause 13 (mutatis mutandis) and for the avoidance of doubt a failure to provide such Additional Shareholder Capital shall be a Financing Event of Default.

14.5 If any one or more Shareholders ("**Declining Shareholder**") shall not approve the Business Plan Changes within the time limit set out in Clause 14.3 AerCap and LoadAir (provided that either of them is not a Declining Shareholder) will enter into good faith negotiations and use reasonable endeavours to agree terms on the basis of which they would acquire the Distressed Aircraft together and if they fail to agree such terms:

(a) in the case of the first Distressed Aircraft to be considered under this Clause 14, AerCap (provided that it was not a Declining Shareholder) shall be entitled to acquire the Distressed Aircraft provided that if AerCap was a Declining Shareholder or does not wish to exercise its entitlement as aforesaid LoadAir shall be entitled to acquire the Distressed Aircraft; and

(b) in the case of the second Distressed Aircraft to be considered under this Clause 14, LoadAir (provided that it was not a Declining Shareholder) shall be entitled to acquire the Distressed Aircraft provided that if LoadAir was a Declining Shareholder or does not wish to exercise its entitlement as aforesaid AerCap shall be entitled to acquire the Distressed Aircraft; and

provided that paragraph (a) shall apply to the third Distressed Aircraft to be considered under this Clause 14 and paragraph (b) shall apply to the Fourth Distressed Aircraft and so forth in sequence thereafter and in each case the Company will procure that Airbus is notified in a timely fashion of the identity of the acquirer of the Distressed Aircraft.

14.6 In the event that the exercise (the "**Exercise**") by a Shareholder of any rights under Clause 14.5 alone ("**Sole Reconfirmation Right**") or together with the acquisition by the Company of a Distressed Aircraft and/or with exercise by another Shareholder of a right under Clause 14.5 ("**Joint Reconfirmation Right**") entitles the Company to a Reconfirmation Right under the Aircraft Purchase Agreement and the Company does not exercise that reconfirmation right the Company shall pay to that Shareholder within 7 Business Days from the last day such Reconfirmation Right was exercisable, in case of a Sole Reconfirmation Right, the Reconfirmation Right Compensation and in case of a Joint Reconfirmation Right, a proportionate share of the Reconfirmation Right Compensation provided for the avoidance of doubt that the Company shall not be entitled to any part of the Reconfirmation Right Compensation and further

provided that a Shareholder shall not be entitled to any part of the Reconfirmation Right Compensation unless:

(a) as at the date of the Exercise the Company has earned and not exercised less than 10 (ten) Reconfirmation Rights under the Aircraft Purchase Agreement; and

(b) any Reconfirmation Rights which have been earned by the Company as at the date of the Exercise through the acquisition by the Company of Distressed Aircraft under the Aircraft Purchase Agreement have been used by the Company (that is they shall not be exercised by the Company) before any Reconfirmation Rights accruing to the Company as a result of an exercise by a Shareholder of its rights under Clause 14.5 are used by the Company.

14.7 In this clause "**Reconfirmation Right Compensation**" means US$500,000.

14.8 The rights of AerCap and LoadAir under Clauses 14.5 and 14.6 are personal to each of them and their Related holders (including in the case of Load Air the Nominated Company) and no person (other than a Related holder) to which AerCap or LoadAir transfers Shares shall become entitled to such rights whether by entry into a Deed of Adherence or otherwise.

15. **Issues and Transfers of Shares**

15.1 Unless each Significant Shareholder agrees otherwise in writing, the Agreed Proportion of all new Share issues shall before issue be offered to each Shareholder.

15.2 Each Shareholder undertakes to each other Shareholder that it will not, without the prior written consent of each other Significant

Shareholder (subject to Clause 15.3) dispose of any interest in or create any Encumbrance over the Shares registered in his name other than transfers permitted or required by this Agreement and (save to the extent that they are modified or qualified by this Agreement) the Articles and made in compliance with this Clause 15.

15.3 For the purposes of Clause 15.2, each Shareholder undertakes with and covenants to the other Shareholder that it will not withhold its consent to the granting of a mortgage, charge or other security interest (a "**Security Interest**") over the Shares held by that Shareholder where:-

(a) the person in whose favour the Security Interest is to be granted satisfies the minimum net worth criteria set out in Article 15.9(a)(i) provided that the reference to the number of Sale Shares in the definition of "**Relevant Amount**" shall be deemed to be a reference to the number of Shares in respect of which the Security Interest is to be granted;

(b) the Security Interest is granted only for the purposes of raising finance; and

(c) the Security Interest only permits the exercise by a person, other than the Shareholder, of the Relevant Rights attaching to the Shares if there has been an event of default under the document by which the Security Interest has been granted where "**Relevant Rights**" means any right to attend at any meeting, to vote (whether in a show of hands or on a poll and whether

exercisable at a general meeting of the Company or at a separate meeting of the class in question) or to appoint any director.

15.4 Except with the consent of each Significant Shareholder, no Shares shall be allotted, issued or transferred to any person who is not already a party to this Agreement (a "**New Shareholder**") unless:-

(a) such allotment, issue or transfer is in compliance with this Agreement and (save to the extent that they are modified and qualified by this Agreement) the Articles; and

(b) at the time of or prior to such allotment, issue or transfer the New Beneficial Owner (being the New Shareholder or, if it is a nominee of another person, that other person) enters into a Deed of Adherence and if the Secured Initial Shareholder Capital has not been paid in full to the Company provides Initial Shareholder Capital Security in respect of the Agreed Proportion of the Secured Initial Shareholder Capital (the "**Replacement Security**"), provided that in the case of a transfer of Shares which complies with the provisions of this Clause 14.5, the transferor of the Shares shall be entitled to a release (or, as the case may be, the partial release) of the Initial Shareholder Capital Security in the amount of the Replacement Security.

15.5 Each of AerCap and LoadAir or, as the case may be, its Related holders (a "**Transferor**") may transfer Shares to one or more persons by way of one or more transactions in the period to two years after Completion without being required to comply with Article 15 provided that:

(a) the aggregate number of Shares which a Transferor may transfer pursuant to this Clause 15.5 shall not comprise more than 25% of the total number of Shares in issue;

(b) the requirements of Article 15.9(a)(i), 15.9(a)(ii) (where the relevant Original Holder is LoadAir), 15.9(a)(iii) (where the relevant Original Holder is AerCap) and 15.9(iv) are met; and

(c) where AerCap is the Transferor, AerCap shall procure, before the transfer is made and lodged for registration, that the proposed transferee (the "**Transferee**") has made an unconditional offer (the "**Tag-Along Offer**") to each of the other Shareholders to purchase from that Shareholder such number of Shares as represents the Agreed Proportion in respect of that Shareholder of the number of Shares which AerCap proposes to transfer (the "**Transfer Number**") to the Transferee on the same terms and conditions (including as to price) as shall have been agreed between AerCap and the Transferee (the "**Agreed Terms**") and the Tag-Along Offer shall remain open for acceptance for not less than 15 Business Days (the "**Acceptance Period**") PROVIDED THAT:

(i) if the Tag-Along Offer is accepted by a Shareholder (an "**Accepting holder**") to which it is made within the Acceptance Period the number of Shares which AerCap shall transfer to the Transferee shall be reduced accordingly so that the aggregate number of Shares transferred

by AerCap and all of the Accepting Holders to the Transferee on foot of the foregoing provisions shall equal the Transfer Number; and

(ii) if the Tag-Along Offer is not accepted by the Shareholders to which it is made within the Acceptance Period AerCap may proceed with the transfer to the Transferee of the Transfer Number of Shares;

(iii) in determining the price paid or agreed to be paid for the relevant Shares under the Agreed Terms, there shall be included in each case an amount equal to the relevant proportion of any other consideration (in cash or otherwise) received or receivable by AerCap (or persons connected with it, or persons acting in concert with it) which, having regard to the substance of the transaction as a whole, can reasonably be regarded as forming part of the consideration for the Shares to be transferred and AerCap shall be obliged to disclose details of such other consideration to the other Shareholders; and

(iv) in the event of disagreement in relation to identification of the Agreed Terms (including disagreement as to the price paid or agreed to be paid for the relevant Shares), the identification of the Agreed Terms shall be referred to the Valuers at the request of any of the parties concerned. The Valuers shall act as experts and not as arbitrators and their determination shall be final and binding. Each of the parties concerned shall provide the Valuers with whatever information they reasonably require for the purpose of their determination.

15.6 Article 17.1 shall apply mutatis mutandis for the purposes of determining whether a Tag-Along Offer is required to be or ought to have been made by AerCap. If the Board makes an enquiry pursuant to Article 17.1 and the purpose of the enquiry was to establish whether a Tag-Along Offer is required to be or ought to have been made, and the Board determines to its reasonable satisfaction, on the basis of the information or evidence furnished to it pursuant to Article 17.1, that a Tag-Along Offer is required or ought to have been made, the Board shall give written notice to the Shareholder or Shareholders which are required to or ought to have made the Tag-Along Offer (the "**Defaulting Holder(s)**") requiring that Defaulting Holder(s) make such a Tag-Along Offer within 14 days of the date of the notice. If such a Tag-Along Offer is not made within that 14 day period, then any Shares held by the Defaulting Holder(s) (other than any Shares held by the Defaulting Holder(s) prior to the obligation to make a Tag-Along Offer arising) shall immediately cease to confer upon the Defaulting Holder(s) (or any proxy) any rights:-

(a) to vote (whether on a show of hands or on a poll and whether exercisable at a general meeting of the Company or at a separate meeting of the class in question); or

(b) to receive dividends or other distributions (other than the nominal value of such shares upon a return of capital),

otherwise attaching to such Shares or to any further Shares issued in right of such Shares or in pursuant of an offer made to the Defaulting Holder(s) PROVIDED THAT such rights shall be immediately re-instated in respect of any such Shares upon

the Tag-Along Offer having been made in accordance with Clause 15.5 (save for the timing of the making of the Tag-Along Offer).

15.7 AerCap covenants with LoadAir that it will not without the prior written consent of LoadAir in its sole discretion sell or otherwise dispose of any Shares or any interest in Shares, whether under the provisions of this Clause, under the Articles or otherwise if as a result of such sale or disposal the Shares held by it and its Related holders (in aggregate) would fall below 25% of all of the issued Shares from time to time.

15.8 Each of AerCap and LoadAir acknowledge that the other of them intends to sell or transfer Shares to one or more third parties in accordance with Clause 15.5. Each of them agrees to co-operate and to co-ordinate in good faith with the efforts of the other to identify and negotiate with suitable third parties for such purposes in so far as is reasonably practicable and to the extent consistent with its own objectives and requirements and to act reasonably in considering amendments to this Agreement or the Articles proposed by the other for the purposes of such a sale or transfer. In particular AerCap shall procure that the Service Providers will provide such information and support in relation to any proposed sale by LoadAir or by LoadAir and AerCap together as they would be required to provide under 2.3 of the Services Agreement to the extent applicable provided that:

(a) AerCap shall not be obliged to procure that the Service Providers shall provide such information and support more than twice in the two year period commencing on the date hereof, or more than once per year at any time after the expiry of such period provided that on any one such occasion physical presentations to potential investors shall be provided for a period of no more than one week unless otherwise agreed between AerCap and LoadAir;

(b) if the proposed transaction involves the sale of Shares by both LoadAir and AerCap, AerCap and LoadAir shall reimburse the Service Providers for all out of pocket expenses incurred by them arising from the provision of such information and support in the proportion to the number of Shares sold by each of them;

(c) if the proposed transaction involves the sale of Shares by LoadAir but not AerCap, LoadAir shall reimburse the Service Providers for all out of pocket expenses incurred by them arising from the provision of such information and support, plus a further fee equal to 5% of the amount by which the price paid to LoadAir for such sale (in respect of which information and support are provided) exceeds an amount equal to the nominal value of the relevant Shares compounded at the rate of 25% per annum from the date of issue of such Shares and provided that in determining the price so paid Clause 15.5(c)(iii) and 15.5(c)(iv) shall apply mutatis mutandis; and

(d) if LoadAir requests the assistance of AerCap or the Service Providers more frequently than that outlined in Clause 15.8(a), any payment to be made by LoadAir therefor shall be agreed at the relevant time.

16. **Default**

16.1 Each of the Shareholders undertakes that it shall notify the Company and the other Shareholders as soon as reasonably practicable after it becomes aware that it has committed or suffered an Event of Default.

16.2 If a Shareholder (the "**Defaulting Shareholder**") commits or suffers a Financing Event of Default Article 17.3 shall have effect.

16.3 If a Shareholder (the "**Defaulting Shareholder**") commits or suffers an Event of Default other than a Financing Event of Default at any time within six months of becoming aware of the Event of Default, any other Shareholder may serve a written notice on the Defaulting Shareholder requiring that the Defaulting Shareholder and each of its Permitted Transferees offer to transfer all of their Shares in accordance with Article 15. Upon service of such a notice, the Defaulting Shareholder and each of its Permitted Transferees shall immediately be deemed to have given a Transfer Notice in accordance with Article 15 and the provisions of Article 15 shall apply accordingly, provided that:

(a) the Transfer Notice shall be deemed to be in respect of all (but not part only) of the Shares held or beneficially owned by the Defaulting Shareholder or the Permitted Transferee (as the case may be) (the "**Sale Shares**");

(b) the Transfer Price shall be the Fair Value of the Sale Shares;

(c) if the offer made pursuant to Article 15.5(a) is not accepted within the period referred to in Article 15.5(a), the Transfer Notice shall be deemed to have been withdrawn.

16.4 The application of this Clause 16 shall be without prejudice to any other rights which the Shareholders other than the Defaulting Shareholder or any of them may have against the Defaulting Shareholder in relation to the relevant Event of Default.

16.5 If a Transfer Notice is deemed to have been given in accordance with Clause 16.3, the Transfer Notice shall be deemed to have been given:-

(a) in cases within paragraph (b) of the definition of "Event of Default", immediately prior to the occurrence of the relevant Insolvency Event; and

(b) in all other cases within the definition of "Event of Default", upon the occurrence of the relevant event.

17. **Deadlock**

17.1 Where a proposed transaction or course of action by the Company requires the consent of the Shareholders pursuant to this Agreement or otherwise and:-

(a) a Shareholder refuses to provide the consent within ten Business Days of being first asked to do so; and

(b) in the reasonable opinion of any Shareholder which is, or Shareholders which together are, the beneficial owner(s) of 50% or more in nominal value of the

Shares or, if the Shares are beneficially owned by two Shareholders equally, either such Shareholder, the inability of the Company to proceed with the proposed transaction or course of action has the effect of preventing the Company from continuing to effectively carry on the Business, any Shareholder may give the other Shareholders written notice (a "**Deadlock Notice**") to the effect that a deadlock exists.

17.2 Within twenty Business Days of the service of a Deadlock Notice, each of the Shareholders shall cause its appointees on the Board to prepare and circulate to the other Shareholders and the other Directors a written statement setting out its position on the matter in dispute and its reasons for adopting such position (each a "**Position Statement**"). Each Position Statement shall be considered by the Chief Executive Officer of each Shareholder then holding office who shall respectively use their reasonable endeavours to resolve such dispute. If they agree upon a resolution or disposition of the matter, they shall jointly execute a statement setting forth the terms of such resolution or disposition and the Shareholders shall exercise the voting rights and other powers of control available to them in relation to the Company to procure that such resolution or disposition is fully and promptly carried into effect.

17.3 If a resolution or disposition is not agreed in accordance with the provisions of Clause 17.2 within 14 days after delivery of the last of the Position Statements, or such longer period as the Shareholders may agree in writing, then any Shareholder may require that the matter(s) in dispute be the subject of a mediation in accordance with the Model Mediation Procedure and Agreement (the "**Mediation Rules**") of the Centre for Effective Dispute Resolution ("**CEDR Solve**") by serving written notice to this effect on the other Shareholders (a "**Mediation Notice**").

17.4 A mediation under this Agreement (a "**Mediation**") shall be conducted in accordance with the procedure in the Mediation Rules amended to take account of any relevant provisions of this Agreement including, without limitation, the provisions of this Clause 17. If the Shareholders are unable to agree on any such amendment within 10 Business Days of the date of the Mediation Notice,

such terms shall be decided by CEDR Solve after consultation with the Shareholders.

17.5 A Mediation shall commence not later than 28 days after the date of the Mediation Notice.

17.6 No party may commence any court proceedings in relation to any matter which is the subject of a Deadlock Notice unless such matter has been the subject of a Mediation and such Mediation has terminated without the conclusion of a binding settlement agreement between the Shareholders resolving the dispute which is the subject of the Deadlock Notice.

17.7 Any Mediation Notice served under this Agreement shall be copied to CEDR Solve within five Business Days of service.

17.8 Any Mediation shall take place in London and the language of the mediation will be English. The courts of Ireland have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with any Mediation and any settlement agreement entered into as a result

of any Mediation and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Ireland.

17.9 If a Mediation is terminated without resolution of the matter which was the subject of the relevant Deadlock Notice, for the period of 30 days following such termination (the "**Dissolution Period**") the Shareholders shall attempt to reach agreement on the most appropriate mechanism to dissolve the joint venture between them in a manner satisfactory to the Shareholders, either by the transfer of all of the Shares of one or more of the Shareholders, the transfer of all of the issued Shares or the splitting of the Group's business, assets and liabilities between the Shareholders or on any other basis considered acceptable by the Shareholders.

17.10 If no agreement is reached pursuant to Clause 17.9, the issued Shares shall be valued in accordance with Article 16. Each Shareholder shall be entitled, within 20 Business Days of notification of the Fair Value of the Shares, to make an offer to purchase all of the Shares of the other Shareholders (an "**Offer**") at a price per Share to be stated in a notice in writing to each other Shareholder (the "**Offer Notice**"). In the event that:

(a) any one or more Offers equals or exceeds the Fair Value, the highest Offer shall be deemed to be accepted by each of the Shareholders other than the Shareholder who made that Offer and the Shareholders shall complete the sale and purchase of the Shares on the earlier of:

(i) the day 40 Business Days after the notification of the Fair Value of the Shares; and

(ii) the date on which any consent permission or approval of any regulatory authority required by law for the sale and purchase have been obtained

provided that the provisions of Article 15.6 shall apply to transfers of Shares pursuant to such deemed acceptance mutatis mutandis; and

(b) no Offer exceeds the Fair Value, the Shareholders shall be free to accept any Offer which has been made at any time during the period of 20 Business Days after the date of the Offer Notice containing that Offer provided that all of the Shareholders (other than the Shareholder who made that Offer) accept such Offer during that period and in that event the Shareholders shall complete the sale and purchase of the Shares on the earlier of:

(i) the day 30 Business Days after the date of the Offer Notice; and

(ii) the date on which any consent permission or approval of any regulatory authority required by law for the sale and purchase have been obtained,

provided that the provisions of Article 15.6 shall apply to transfers of Shares pursuant to such acceptances mutatis mutandis.

17.11 If no Shareholder makes an offer pursuant to Clause 17.10 any Shareholder may by notice in writing to the other Shareholders require that the Shareholders procure that their appointees on the Board shall, at the earliest practicable date:

(a) make or concur in the making of a statutory declaration in the terms mentioned in Section 256 of the Companies Act, 1963 (if the state of the Company's affairs admits of the making of such a declaration); and

(b) where the state of the Company's affairs enables the making of the declaration referred to in paragraph (a) above convene an extraordinary general meeting of the Company to consider:

(i) the matter from which the deadlock arose; and

(ii) the passing of a special resolution to place the Company in members' voluntary liquidation,

(iii) such meeting or meetings to be held within 5 weeks after the making of any declaration made pursuant to Clause 17.11(a); and

(c) where the state of the Company's affairs does not enable the making of the declaration referred to paragraph (a) above, convene a meeting of the Company's creditors in accordance with Section 266 of the Companies Act, 1963.

17.12 If, at an extraordinary general meeting referred to in Clause 17.11(b), no resolution is carried in relation to the matter from which the deadlock arose by reason of an equality of votes for and against any proposal for dealing with such matter, the Shareholders shall vote in favour of the special resolution for winding up the Company.

18. **Facilitation Fee**

18.1 The Company shall pay to AerCap the Facilitation Fee in accordance with this Clause 18 in consideration for introducing the Company to Airbus and facilitating the negotiation of the Aircraft Letter of Intent.

18.2 The Facilitation Fee shall comprise the aggregate of the Relevant Fee Amounts.

18.3 Each Shareholder other than AerCap hereby irrevocably waives in favour of the Company an amount of each Extra ROE Distribution equal to 10% of that Extra ROE Distribution.

18.4 Each Relevant Fee Amount shall be paid to AerCap at the same time as the Payable Extra ROE Distribution is paid to the Shareholder to whom it is payable.

18.5 The Facilitation Fee shall continue to accrue to AerCap if it transfers or disposes of Shares to any other person and no person to whom AerCap transfers or disposes of Shares shall have any right to receive any part of the Facilitation Fee whether under a Deed of Adherence or otherwise.

18.6 In this Clause 18 the following words and expressions shall have the following meanings:

"**Relevant Fee Amount**" means an amount equal to 10% of any Extra ROE Distribution;

"**Extra ROE Distribution**" means, in respect of a Shareholder (other than AerCap), the amount of any distribution (or portion of a distribution) in excess of the ROE Distribution which (save for the provisions of Clause 18.3 and any deduction of withholding tax made) would have been paid to that Shareholder;

"**ROE Distribution**" means, in respect of a Shareholder, an aggregate amount of distributions, dividends, redemption payments, or other payments by the Company in respect of Shares (or portions thereof) other than the proceeds of the sale of Shares which (save for any deduction of withholding tax made) have been received by such Shareholder equal to (x) 108% multiplied by (y) the amount invested in Shares by such Shareholder; and

"**Payable Extra ROE Distribution**" means, in respect of a Relevant Fee Amount, the Extra ROE Distribution to which it relates less the amount of that Extra ROE Distribution waived pursuant to Clause 18.3.

19. **Termination**

19.1 This Agreement shall cease and determine:

(a) on the passing of an effective resolution to wind up the Company or the issue of a binding order for the winding up of the Company;

(b) in respect of a Shareholder, upon the Shareholder ceasing to be beneficial owner of any Shares provided that, the transferee of such Shares shall have entered into a Deed of Adherence;

(c) if all the Shares are held by a single Shareholder.

19.2 Any cessation and determination pursuant to Clause 19.1 shall be without prejudice to the rights, obligations or liabilities of any party which shall have accrued or arisen prior to such cessation and determination.

20. **Confidential Information**

20.1 Each Shareholder undertakes to the other Shareholders and to the Company that:

(a) it shall keep in strict confidence and shall not disclose to any third party any Confidential Information;

(b) it shall not use any Confidential Information for any purpose other than in connection with the Group and its Business or as otherwise contemplated by this Agreement; and

(c) it shall require that all of its employees, agents and any other person it authorises to have access to any Confidential Information will maintain the confidentiality required by its obligations under this Clause.

20.2 Subject to Clause 20.3 the obligations in Clause 20.1 shall not apply where the Shareholder wishing to disclose the Confidential Information can prove that the Confidential Information:

(a) is in the public domain otherwise than as a result of a breach of this Agreement;

(b) was obtained by that party other than pursuant to this Agreement free from restriction from a source permitted to disclose the same;

(c) was developed by an officer, employee or agent of that party independently of and without reference to the Confidential Information;

(d) is required be disclosed pursuant to a statutory obligation, the order of a court of competent jurisdiction or that of a competent regulatory body; or

(e) is to be disclosed to a bona fide current and/or potential purchaser of any Shares, an investor in or lender to the Company or a Shareholder, and any legal and/or professional representatives thereof, provided that any such person is be subject to a confidentiality agreement (on terms usual to such transactions) covering such Confidential Information.

20.3 Each Shareholder undertakes to the other Shareholders and to the Company that it keep all Confidential Information which comprises Airbus Confidential Information in strict confidence and shall not disclose to any third party any such Confidential Information other than as agreed between that Shareholder and Airbus.

20.4 For the avoidance of doubt, Confidential Information shall not be deemed to be in the public domain merely because it is known to a limited number of third parties having experience in the relevant field. In addition, any combination of elements of the Confidential Information shall not be deemed to be within the foregoing exceptions merely because individual elements of the Confidential Information are in the public domain but only if the combination is in the public domain.

20.5 The obligations imposed by this Clause 20 shall continue to apply after the expiration or sooner termination of this Agreement without limit in time.

21. **Costs**

21.1 Each party shall pay its own costs relating to the negotiation, preparation, execution and implementation by it of this Agreement and of each agreement to be entered into pursuant to this Agreement.

21.2 For the avoidance of doubt all out-of-pocket costs of the Company relating to the negotiation, preparation, execution and implementation by it of the Aircraft Purchasing Agreement shall be borne by the Company.

22. **Shareholders' consents and enforcement**

22.1 If a proposed transaction or matter requires the consent or approval of the Shareholders under more than one provision of this Agreement, then a single consent or approval given by each Shareholder to that proposed transaction or matter shall be deemed to cover all consents and approvals required under this Agreement from the Shareholders in respect of that proposed transaction or matter.

22.2 The Shareholders may authorise any person (including a Director) to give written consents and approvals on its behalf and such authorisation may be specific or general in nature and may be revoked at any time and notice of such authorisation or revocation must be communicated in writing to the Company.

22.3 The Company shall supply to the Shareholders all information and documents necessary to enable them to give proper consideration over a reasonable period to any proposed transaction or matter on which their approval is required pursuant to this Agreement taking into account any time limits within which a decision regarding the proposed transaction or matter must be taken.

22.4 Any consent or approval or agreement given or made by or on behalf of a Shareholder shall be given or made in writing.

23. **Continuing obligations**

23.1 Each of the obligations and undertakings given by the Company and the Shareholders pursuant to this Agreement shall continue in full force and effect notwithstanding Completion.

23.2 Any party who has the beneficial interest in Shares held by a nominee who is not a party to this Agreement undertakes to the

other parties to this Agreement to procure that the nominee observes the provisions of this Agreement which would be binding on it if it were named in this Agreement as a Shareholder.

24. **Acknowledgements**

Each party acknowledges that damages would not be an adequate remedy for any breach of the undertakings by that party contained in this Agreement and that any other party shall be entitled (in addition to damages) to the remedies of injunction, specific performance and other equitable remedy for any threatened or actual breach of any such undertakings.

25. **Announcements**

25.1 Subject to Clause 25.2, no party may, either before or after Completion, make or send a public announcement, communication or circular concerning the transactions referred to in this Agreement unless it has first obtained the other parties' written consent (not to be unreasonably withheld or delayed) and, if the proposed announcement, communication or circular contains any Airbus Confidential Information, the written consent of Airbus.

25.2 Clause 25.1 does not apply to a public announcement, communication or circular to the extent that it is required by law or by any panel or regulatory body which any

party to this Agreement is a member of or otherwise regulated by or subject to provided that if a party becomes aware of any such requirement to which it is subject it will promptly notify the other parties in writing of that fact and of the nature and extent of the requirement.

26. **Communications**

26.1 Notices or other communications given pursuant to this Agreement shall be in writing and shall be sufficiently given:

(a) if delivered by hand or by courier to the address and for the attention of the person set forth in this Clause of the party to which the notice or communication is being given or, subject to Clause 26.2, to such other address and for the attention of such other person as such party shall communicate to the party giving the notice or communication; or

(b) if sent by facsimile to the facsimile number and for the attention of the person set forth in this Clause of the party to which the notice or communication is being given or, subject to Clause 26.2, to such other facsimile number and for the attention of such other person as such party shall communicate to the party giving the notice or communication.

26.2 Every notice or communication given in accordance with this Clause shall be deemed to have been received as follows:

Means of Dispatch	**Deemed Received**
Delivery by hand or courier:	the day of delivery; and
Facsimile:	when sender receives a completed transmission sheet or otherwise receives a mechanical confirmation of transmission

Provided that if, in accordance with the above provisions, any such notice or other communication would otherwise be deemed to be given or made outside working hours (being 9 a.m. to 5 p.m. on a Business Day) such notice or other communication shall be deemed to be given or made at the start of working hours on the next Business Day.

26.3 The relevant addressee, address and facsimile number of each party for the purposes of this Agreement, subject to Clause 27.4 are:

Name of Party	**Address/Fax no**
AerVenture Limited	debis AirFinance House Shannon Ireland FAO: Company Secretary Fax: +353 61 723850

AerCap Ireland Limited	debis AirFinance House Shannon Ireland FAO: Company Secretary Fax: +353 61 723850

International Cargo Airlines Company KSC	Kuwait Free Trade Zone Moevenpick Way Kuwait City P.O. Box 42433 Postal Code 70655 FAO: Chairman and CEO Fax:+965 4613179/4613180

26.4 A party shall notify the other of a change to its name, relevant addressee or address, facsimile number for the purposes of Clause 27.2. Such notification shall only be effective on:

(a) the date specified in the notification as the date on which the change is to take place; or

(b) if no date is specified or the date specified is less than five Business Days after the date on which notice is given, the date falling five Business Days after notice of any such change has been given.

27. **Assignment of Agreement**

27.1 Subject to Clauses 27.2 - 27.12 this Agreement is personal to the parties and shall not be capable of assignment by any party without the prior written consent of the others except in the case of a Shareholder to the successors in title of its Shares pursuant to a transfer permitted and effective in accordance with this Agreement and the Articles and in accordance with a Deed of Adherence entered into by those successors in title.

27.2 LoadAir may at any time, by not less than three days notice in writing to AerCap and the Company, nominate a wholly owned subsidiary of LoadAir (the "**Nominated Company**") to which it is to assign all of its interest under this Agreement on the terms set out below in this Clause 27.

27.3 The Nominated Company and the parties hereto shall enter into a Deed of Adherence in the form set out in Part 2 of Schedule 5 so that the Nominated Company shall become a party to this Agreement under the terms thereof.

27.4 LoadAir irrevocably and unconditionally guarantees the due and punctual performance of each of the obligations of the Nominated Company under this Agreement (the "**Obligations**" and each an "**Obligation**") to each person to whom they are owed (each an "**Obligee**" and together the "**Obligees**").

27.5 LoadAir shall pay to each Obligee from time to time on demand by the Obligee or any of them any sum of money which the Nominated Company is at any time liable to pay to that Obligee under or pursuant to the Obligations and which has not been paid at the time the demand is made and LoadAir will in the case of default by the Nominated

Company in the performance of any of the Obligations duly perform or procure the performance of the Obligations.

27.6 If any of the Obligations is void or unenforceable for any reason, LoadAir's liability under Clauses 27.4 and 27.5 is unaffected and LoadAir shall perform the Obligations as if it were primarily liable for the performance thereof.

27.7 LoadAir's liability under Clauses 27.4 and 27.5 is a continuing liability and is not satisfied, discharged or affected by an intermediate payment or settlement of account by, or a change in the constitution or control of, or the insolvency of, or bankruptcy, winding up or analogous proceedings relating to the Nominated Company.

27.8 The Obligees or any of them may at any time as they or it think(s) fit and without reference to LoadAir:

(a) grant time for payment or grant another indulgence or agree to an amendment, variation, waiver or release in respect of any of the Obligations;

(b) give up, deal with, vary, exchange or abstain from perfecting or enforcing other securities or guarantees held by the Obligees or any of them;

(c) discharge a party to all or any other securities or guarantees held by the Obligees or any of them and realise all or any of those securities or guarantees; and

(d) compound with, accept compositions from and make other arrangements with the Nominated Company or a person or persons liable on other securities or guarantees held or to be held by the Obligees or any of them.

27.9 So long as the Nominated Company is under an actual or contingent obligation under the Obligations LoadAir shall not exercise a right which it may at any time have by reason of the performance of its obligations under Clauses 27.4 and 27.5 to be indemnified by the Nominated Company, to claim a contribution from another surety of the Obligations or to take the benefit (wholly or partly and by way of subrogation or otherwise) of any of the rights of any Obligee under the Obligations or of any other security taken by any Obligee in connection with the Obligations.

27.10 LoadAir's liability under Clauses 27.4 and 27.5 is not affected by the avoidance of an assurance, security or payment or a release, settlement or discharge which is given or made on the faith of an assurance, security or payment, in either case, under an enactment relating to bankruptcy or insolvency.

27.11 Each payment to be made by LoadAir under this Clause 27 shall be made in the same currency as the relevant payment was due to be made by the Nominated Company in accordance with the terms of the relevant Obligation. If any sums payable under this Clause 27 by LoadAir shall be or become subject to any deduction or withholding, the amount of such payments shall be increased so that LoadAir will pay all monies due free and clear of and without deduction for or on account of any or all present or future taxes, levies, imposts, charges, fees, deductions or withholdings so that the net amount received by the relevant Obligee shall equal the amount which, but for such

deduction or withholding, would have been receivable by the relevant Obligee under this Clause from LoadAir.

27.12 In the event that LoadAir transfers some part of the shares of the Nominated Company to one or more other persons or than a person connected with LoadAir the Shareholders agree that LoadAir shall be entitled to require that its obligations under Clauses 27.4 and 27.5 would be replaced with identical undertakings from LoadAir and such other persons save that such undertakings would be given on a several basis with the result that LoadAir and such other person shall be liable under such undertakings in proportion to their shareholdings in the Nominated Company.

28. **General**

28.1 This Agreement and any document referred to in this Agreement constitute the entire agreement, and supersede any previous agreement, between the parties relating to the subject matter of this Agreement. Each party acknowledges that in entering into this Agreement and the agreements into which it is required to enter hereunder (the "**Transaction Documents**"), it is not relying on any agreement, undertaking, representation, warranty, promise or assurance of any nature whatsoever which is not expressly set out in the Transaction Documents.

28.2 In the event of any conflict or inconsistency between the provisions of this Agreement and the Articles, the provisions of this Agreement shall prevail as between the Shareholders and the parties shall procure that, if required, the terms of the Articles are amended so as to accord with the provisions of this Agreement.

28.3 A variation of this Agreement or agreement of the Parties made pursuant to this Agreement is valid only if it is in writing and signed by or on behalf of each party.

28.4 A failure to exercise or delay in exercising a right or remedy provided by this Agreement or by law does not constitute a waiver of the right or remedy or a waiver of other rights or remedies. No single or partial exercise of a right or remedy provided by this Agreement or by law prevents further exercise of that right or remedy or the exercise of another right or remedy.

28.5 Except where this Agreement provides otherwise the rights and remedies contained in this Agreement are cumulative and not exclusive of rights or remedies provided by law.

28.6 Each of the Shareholders hereby declares for the purposes of the Financial Transfers Act 1992 that

(a) it is not resident in any jurisdiction to which financial transfers (within the meaning of that Act) are restricted by order of the Minister for Finance in accordance with the provisions of that Act;

(b) it does not hold and will not hold any Shares subscribed pursuant to this Agreement as nominee for any person so resident; and

(c) it is not, to its knowledge, controlled directly or indirectly by persons so resident.

28.7 No provision of this Agreement creates a partnership between any of the parties or makes a party the agent of another party for any purpose. A party has no authority or power to bind, to contract in the name of, or to create a liability for, another party in any way or for any purpose.

28.8 If at any time any provision of this Agreement (or any part of a provision of this Agreement) is or becomes illegal, invalid or unenforceable in any respect under the law of any jurisdiction, that shall not affect or impair:

(a) the legality, validity or enforceability in that jurisdiction of any other provision of this Agreement (including the remainder of a provision, where only part thereof is or has become illegal, invalid or unenforceable); or

(b) the legality, validity or enforceability under the law of any other jurisdiction of that or any other provision of this Agreement.

28.9 This Agreement may be executed in any number of counterparts each of which when executed and delivered by one or more of the parties to this Agreement is an original, but all the counterparts together constitute the same document provided that this Agreement shall not be effective until each party has executed and delivered at least one counterpart.

28.10 A waiver by a party of any of the terms, provisions or conditions of this Agreement or the acquiescence of a party in any act (whether commission or omission) which but for such acquiescence would be a breach as aforesaid shall not constitute a general waiver of such term, provision or condition or of any subsequent act contrary thereto. Save as expressly provided in this Agreement Completion shall not constitute a waiver by that party of any breach of any provision of this Agreement whether or not known to that party at the date of Completion.

28.11 Any liability to any party under the provisions of this Agreement may in whole or in part be released, varied, compounded or compromised by such party in its absolute discretion as regards any party under such liability without in any way prejudicing or affecting its rights against any other party under the same or a like liability whether joint and several or otherwise.

29. **Governing law and jurisdiction**

29.1 This Agreement is governed by, and shall be construed in accordance with, the laws of Ireland.

29.2 The courts of Ireland have exclusive jurisdiction to hear and decide any suit, action or proceedings, and to settle any disputes, which may arise out of or in connection with this Agreement ("**Proceedings**") and, for these purposes, each party irrevocably submits to the jurisdiction of the courts of Ireland.

29.3 Each party irrevocably waives any objection which it might at any time have to the courts of Ireland being nominated as the forum to hear and decide any Proceedings and agrees not to claim that the courts of Ireland are not a convenient or appropriate forum.

29.4 LoadAir hereby irrevocably authorises and appoints Matheson Ormsby Prentice Solicitors, 30 Herbert Street, Dublin 2 (or such other address as may from time to time be notified to the parties) as its authorised agent to accept service of all legal process in Ireland on its behalf and service on such appointee shall be deemed to be service on LoadAir as the case may be. LoadAir agrees that any failure by its process agent to notify it of the legal process shall not invalidate the proceedings concerned. Nothing contained in this Clause 29 affects the right to serve process in another manner permitted by law.

IN WITNESS WHEREOF the parties have executed this Agreement on the date written above.

/s/ **AERCAP IRELAND LIMITED /s/**

a duly authorised representative of
AERCAP IRELAND LIMITED
in the presence of:

Witness: M.J. Wills

Address: Seabury Group, Amerstam

Occupation: Consultant]

/s/ **INTERNATIONAL CARGO AIRLINES COMPANY KSC** /s/

a duly authorised representative of
INTERNATIONAL CARGO AIRLINES COMPANY KSC (trading as "LoadAir")
in the presence of:

Witness: M.J. Wills

Address: Seabury Group, Amsterdam

Occupation: Consultant]

/s/ **AERVENTURE LIMITED** /s/

a duly authorised representative of
AERVENTURE LIMITED
in the presence of:

Witness: M.J. Wills

Address: Searbury Group, Amsterdam

Occupation: Consultant]

Exhibit 10.9

STOCK PURCHASE AGREEMENT

dated as of March 16, 2006

by and between

AERCAP, INC.

and

NICOLAS FINAZZO, ROSE ANN FINAZZO and ROBERT B. NICHOLS
with respect to all
outstanding capital stock of
AEROTURBINE, INC.

TABLE OF CONTENTS

This Table of Contents is not part of the Agreement to which it is attached but is inserted for convenience only.

EXHIBITS

This STOCK PURCHASE AGREEMENT dated as of March 16, 2006 is made and entered into by and between AerCap, Inc., a Delaware corporation ("Purchaser"), and Mr. Nicolas Finazzo ("Nick"), Mrs. Rose Ann Finazzo ("Rose Ann") and Mr. Robert B. Nichols ("Bob"; Nick, Rose Ann and Bob, each a "Seller", and together, "Sellers"; and Nick and Bob, each a "Management Seller"; and together, "Management Sellers"). Capitalized terms not otherwise defined herein have the meanings set forth in Section 13.01.

WHEREAS, Sellers own in the aggregate 45,000 shares of Series B common stock, $.001 par value per share, of AeroTurbine, Inc., a Delaware corporation (the "Company"), constituting all issued and outstanding shares of capital stock of the Company (such shares being referred to herein as the "Shares");

WHEREAS, AerCap, B.V. ("Parent"), is a limited liability company formed and validly existing under the laws of the Netherlands and the indirect parent and indirect owner of 100% of the authorized, issued and outstanding common stock of Purchaser;

WHEREAS, as a condition to the purchase of the Shares hereunder, (i) each Management Seller has agreed to enter into an employment agreement with Parent and the Company substantially in the form of Exhibit A hereto (the "Employment Agreements") and (ii) each Seller has agreed to enter into a non-competition agreement with Parent and the Company substantially in the form of Exhibit B hereto (the "Non-Competition Agreement");

WHEREAS, Sellers desire to sell, and Purchaser desires to purchase, the Shares on the terms and subject to the conditions set forth in this Agreement;

WHEREAS, upon the Closing of the purchase and sale of the Shares pursuant to this Agreement, each Seller and each of Cerberus Fern Holdings Ltd., Cerberus Fern Holdings II Ltd., Cerberus Fern Holdings III Ltd. and Cerberus Fern Holdings IV Ltd., each a limited liability exempted company incorporated under the laws of Bermuda (collectively, the "Cerberus Entities") will, on the Closing Date (as defined herein), enter into separate restricted share purchase agreements, all four restricted share purchase agreements substantially in the form of Exhibit C hereto (the "Restricted Shares Purchase Agreement") pursuant to which Sellers will purchase from the Cerberus Entities six and a half percent (6.5%) of the common shares of certain entities which hold the controlling interest in Parent; and

WHEREAS, upon the Closing of the purchase and sale of the Shares pursuant to this Agreement, each Seller and the Cerberus Entities will, on the Closing Date (as defined herein) enter into a stockholders agreement substantially in the form of Exhibit D hereto (the "Stockholders Agreement"; and together with the Restricted Shares Purchase Agreement, the "Shareholder Equity Agreements").

NOW, THEREFORE, in consideration of the mutual covenants and agreements set forth in this Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

SALE OF SHARES AND CLOSING

1.01 Purchase and Sale. Sellers agree to sell to Purchaser, and Purchaser agrees to purchase from Sellers, all of the right, title and interest of Sellers in and to the Shares at the Closing on the terms and subject to the conditions set forth in this Agreement.

1.02 Purchase Price. The aggregate purchase price for the Shares and for the covenants of Sellers contained in the Non-Competition Agreement (the "Purchase Price") shall be equal to the sum of $127,070,588 (i) **plus** $1,200,000 for each full calendar month (or prorated portion thereof) occurring during the period commencing August 1, 2005 and ending on the Closing Date (the "Interim Period") and (ii) **plus** the amount, if any, to be paid by Purchaser to Sellers as provided for in Section 1.04 and/or **minus** the amount, if any, to be paid by Sellers to Purchaser as provided for in Section 1.04. The Purchase Price exclusive of the addition thereto or subtraction therefrom referred in the foregoing clause (ii) is referred to herein as the "Closing Purchase Price".

1.03 Closing. The Closing will take place at the offices of Milbank, Tweed, Hadley and McCloy LLP, 1 Chase Manhattan Plaza, New York, New York, 10005, or at such other place as Purchaser and Sellers mutually agree, at 10:00 A.M. local time, on the Closing Date. At the Closing, Purchaser will pay the Closing Purchase Price by wire transfer of immediately available funds to such account as Sellers may reasonably direct by written notice delivered to Purchaser at least two (2) Business Days before the Closing Date. Simultaneously, Sellers will assign and transfer to Purchaser all of Sellers' right, title and interest in and to the Shares by delivering to Purchaser certificates representing the Shares, in genuine and unaltered form, duly endorsed in blank or accompanied by duly executed stock powers endorsed in blank, with requisite stock transfer tax stamps, if any, attached. At the Closing, there shall also be delivered to Sellers and Purchaser the opinions, certificates and other Contracts, documents and instruments to be delivered under Articles VI and VII.

1.04 Tax Payment Dividends.

(a) Sellers shall cause the Company to prepare, in consultation with the independent accounting firm of the Company and at the Company's expense, and file with the relevant taxing authorities the Company's 2005 federal and state income tax returns. The Company shall provide Purchaser with a draft of the 2005 federal and state income tax returns at least ten (10) Business Days prior to the due dates (including any extensions) for filing such returns. Purchaser shall have the right to comment on the 2005 tax returns of the Company and its Subsidiaries and those returns will be revised to reflect changes suggested by the Purchaser unless the

Company determines in good faith that Purchaser's suggested changes are contrary to applicable law or inconsistent with prior practice. A copy of such returns shall be provided to Purchaser and Sellers not later than five (5) Business Days following the filing of such returns. The taxable income of the Company shown on line 21 (and with respect to income not included on line 21, such other line items as may be applicable) of IRS Form 1120S of such 2005 income tax returns of the Company (the "2005 Relevant Taxable Income") shall be used

for purposes of calculating amounts to be paid to or by Sellers or Purchaser pursuant to this Section 1.04.

(b) Purchaser and Sellers shall cause the Company to prepare, in consultation with the independent accounting firm of the Company and consistent with prior practice, and file with the relevant taxing authorities the Company's federal and state income tax returns for the period beginning January 1, 2006 and ending on the Closing Date (the "2006 Short Period", and such returns, the "2006 Short Period Returns"). A copy of the 2006 Short Period Returns shall be provided to Purchaser and Sellers not later than five (5) Business Days following the filing of such returns. The taxable income of the Company for such period (the "2006 Relevant Taxable Income") shown on line 21(and with respect to income not included on line 21, such other line items as may be applicable) of IRS Form 1120S of such 2006 Short Period Return, but adjusted to exclude any income, gain, loss or deduction attributable to the Election reflected therein, shall be used for purposes of calculating amounts to be paid to or by Sellers or Purchaser pursuant to this Section 1.04.

(c) In the event that the 2005 Relevant Taxable Income is a positive amount, then (A) Purchaser shall pay to Sellers, on the later of the Closing Date or ten (10) Business Days following delivery to Purchaser and Sellers of the Company's 2005 income tax returns, the amount, if any, by which (x) 35% (or 15% with respect to long term capital gain items) of the 2005 Relevant Taxable Income, which resulting amount shall be reduced by the Foreign Tax Credit Benefit (as defined below) exceeds (y) $5,789,513 (the "Pre-Signing Dividend Amount") or (B) Sellers shall pay to Purchaser, within ten (10) Business Days following delivery to Purchaser and Sellers of the Company's 2005 income tax returns, the amount, if any, by which (x) the Pre-Signing Dividend Amount exceeds (y) 35% (or 15% with respect to long term capital gain items) of the 2005 Relevant Taxable Income, which resulting amount shall be reduced by the Foreign Tax Credit Benefit for 2005.

(d) In the event that the 2006 Relevant Taxable Income is a positive amount, then Purchaser shall pay to Sellers, within ten (10) Business Days following delivery to Purchaser and Sellers of the 2006 Short Period Returns, an amount equal to 35% (or 15% with respect to long term capital gain items) of the 2006 Relevant Taxable Income, which amount shall be reduced by the Foreign Tax Credit Benefit for the 2006 Short Period.

(e) In the event that the 2005 Relevant Taxable Income or the 2006 Relevant Taxable Income is a negative amount (for example, reduces the relevant gross income of Sellers for income tax purposes), then Sellers will pay to Purchaser an amount such that (x) the Pre-Signing Dividend Amount plus the aggregate amount, if any, paid to Sellers pursuant to paragraph (c) and/or (d) above, minus the aggregate amount, if any, paid by Sellers to the Purchaser pursuant to paragraph (c) above, and minus the amount payable by Sellers to Purchaser pursuant to this paragraph (e), is equal to, and does not exceed, (y) 35% (or 15% with respect to long term capital gain items) of the sum of the 2005 Relevant Taxable Income and the 2006 Relevant Taxable Income, which amount shall be reduced by the Foreign Tax Credit Benefit for 2005 or the 2006 Short Period.

(f) The Foreign Tax Credit Benefit means, with respect to a taxable period, the amount by which the taxes payable by Sellers in respect of such period may be reduced in

respect of a credit for foreign taxes paid by the Company or any Subsidiary (such benefit to be determined assuming the income, gains, deductions and losses of the Company are the only items of income, gain, deduction and loss of Sellers for the taxable period in question).

(g) All payments made by or to Sellers or Purchaser pursuant to this Section 1.04 shall be made by wire transfer of immediately available funds to such account or accounts as are designated in advance by the recipient thereof to the payor thereof.

(h) Any dispute or objection by Purchaser or Sellers as to the determination of the 2005 Relevant Taxable Income or the 2006 Relevant Taxable Income, or the calculation of any payment required to be made pursuant to this Section 1.04, shall be submitted to and resolved by the Company's independent accounting firm, whose resolution thereof shall be final and binding on Purchaser and Sellers; provided, however, that such calculation and payment shall be subject to subsequent adjustment based upon final determination pursuant to any Tax audit, which Purchase and Sellers agree shall be subject to the terms of Section 8.05 hereof.

(i) To the extent Sellers are required to report items of AeroTurbine Capital income, gain, deduction and loss on their U.S. federal income tax returns by reason of AeroTurbine Capital being treated as an S Corporation for U.S. federal income tax purposes, those items that are required to be reported on Sellers' individual tax returns shall be included in the 2005 Relevant Taxable Income and 2006 Relevant Taxable Income of the Company.

1.05 Further Assurances; Post-Closing Cooperation.

(a) At any time or from time to time after the Closing, Sellers shall execute and deliver to Purchaser such other documents and instruments, provide such materials and information and take such other actions as Purchaser may reasonably request

more effectively to vest title to the Shares in Purchaser and, to the full extent permitted by Law, to put Purchaser in actual possession and operating control of the Company and the Subsidiaries and their Assets and Properties and Books and Records, and otherwise to cause Sellers to fulfill their obligations under this Agreement and the Operative Agreements to which they are a party.

(b) Following the Closing, each party will afford the other party, its counsel and its accountants, during normal business hours, reasonable access to the books, records and other data relating to the Business or Condition of the Company in its possession with respect to periods prior to the Closing and the right to make copies and extracts therefrom, to the extent that such access may be reasonably required by the requesting party in connection with (i) the preparation of Tax Returns, (ii) the determination or enforcement of rights and obligations under this Agreement, (iii) compliance with the requirements of any Governmental or Regulatory Authority, (iv) the determination or enforcement of the rights and obligations of any party to this Agreement or any of the Operative Agreements or (v) in connection with any actual or threatened Action or Proceeding. Further, each party agrees for a period extending six (6) years after the Closing Date not to destroy or otherwise dispose of any such books, records and other data unless such party shall first offer in writing to surrender such books,

records and other data to the other party and such other party shall not agree in writing to take possession thereof during the ten (10) day period after such offer is made.

(c) If, in order properly to prepare its Tax Returns, other documents or reports required to be filed with Governmental or Regulatory Authorities or its financial statements or to fulfill its obligations hereunder, it is necessary that a party be furnished with additional information, documents or records relating to the Business or Condition of the Company not referred to in paragraph (b) above, and such information, documents or records are in the possession or control of the other party, such other party shall use its best efforts to furnish or make available such information, documents or records (or copies thereof) at the recipient's request, cost and expense. Any information obtained by Sellers in accordance with this paragraph shall be held confidential by Sellers in accordance with Section 14.05.

1.06 Purchase Price Allocation. The Purchase Price shall be allocated as follows: $125,070,588 to the Shares (the "Share Purchase Price") and $2,000,000 to the Non-Competition Agreement. If, pursuant to Section 8.02 herein, Purchaser determines to make an election under Code Section 338(h)(10), Purchaser shall propose an allocation of the Share Purchase Price (including any Company liabilities properly included in the Purchase Price for purposes of determining the Purchase Price under Code Section 338(h)(10)) among the assets of the Company and each Subsidiary in accordance with Code Section 1060 and the Treasury Regulations promulgated thereunder (and any similar provision of state, local or foreign law, as appropriate), and shall notify Sellers of such proposed Purchase Price allocation. The parties shall cooperate in good faith to agree on an allocation of the Purchase Price and once agreed to, the allocation shall be binding on the parties (the "Allocation"). If the parties cannot agree upon the Allocation within 30 days of Purchaser's delivery of its proposed allocation to Sellers, the parties shall submit any disputes to the independent accountants acceptable to both of the parties. The independent accountants shall finally and conclusively resolve any disputed matters in accordance with Code Section 1060 within 30 days of receipt of the submission. Purchaser and Sellers shall report, and file Tax Returns (including but not limited to Internal Revenue Service Form 8594) in all respects and for all purposes consistent with the Allocation. Neither Purchaser nor Sellers shall take any position (whether in audits, Tax Returns or otherwise) that is inconsistent with the Allocation unless required to do so by applicable law.

ARTICLE II

REPRESENTATIONS AND WARRANTIES OF SELLERS

Sellers, jointly and severally, hereby represent and warrant to Purchaser as follows:

2.01 Power of Sellers. Each Seller has full power and authority to execute and deliver this Agreement and the Operative Agreements to which it is a party and to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby, including without limitation to own, hold, sell and transfer (pursuant to this Agreement) the Shares.

2.02 Authority. This Agreement has been duly and validly executed and delivered by each Seller and constitutes, and upon the execution and delivery by each Seller of the Operative Agreements to which it is a party, such Operative Agreements will constitute, legal, valid and binding obligations of each Seller enforceable against each Seller in accordance with its terms.

2.03 Organization of the Company. The Company is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware, and has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its Assets and Properties. Section 2.03 of the Disclosure Schedule lists all lines of business in which the Company is participating or engaged. The Company is duly qualified, licensed or admitted to do business and is in good standing in those jurisdictions specified in Section 2.03 of the Disclosure Schedule, which are the only jurisdictions where the failure to be so qualified, licensed or admitted to do business could reasonably be expected to have a Material Adverse Effect. The name of each director and officer of the Company on the date hereof, and the position with the Company held by each, are listed in Section 2.03 of the Disclosure Schedule. Sellers have prior to the execution of this Agreement delivered to Purchaser true and complete copies of the certificate of incorporation and by-laws of the Company as in effect on the date hereof.

2.04 Capital Stock. The authorized capital stock of the Company consists solely of 60,000 shares of Common Stock, $.001 par value per share, of which 15,000 shares are Series "A" Common Stock, none of which is issued or outstanding, and 45,000 shares are Series "B" Common Stock and constitute all the Shares. The Shares are duly authorized, validly issued, outstanding, fully paid and nonassessable. Sellers own the Shares, beneficially and of record, free and clear of all Liens except as set forth in Section 2.04 of the Disclosure Schedule. Except for this Agreement and as set forth in Section 2.04 of the Disclosure Schedule, there are no outstanding Options with respect to the Company. The delivery of a certificate or certificates at the Closing representing the Shares in the manner provided in Section 1.03 will transfer to Purchaser good and valid title to the Shares, free and clear of all Liens.

2.05 Subsidiaries. Section 2.05 of the Disclosure Schedule lists the name of each Subsidiary and all lines of business in which each Subsidiary is participating or engaged. Each Subsidiary is a corporation duly organized, validly existing and in good standing under the Laws of its jurisdiction of incorporation identified in Section 2.05 of the Disclosure Schedule, and has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its Assets and Properties. Each Subsidiary is duly qualified, licensed or admitted to do business and is in good standing in those jurisdictions specified in Section 2.05 of the Disclosure Schedule, which are the only jurisdictions in which the ownership, use or leasing of such Subsidiary's Assets and Properties, or the conduct or nature of its business, makes such qualification, licensing or admission necessary. Section 2.05 of the Disclosure Schedule lists for each Subsidiary the amount of its authorized capital stock, the amount of its outstanding capital stock and the record owners of such outstanding capital stock. All of the outstanding shares of capital stock of each Subsidiary have been duly authorized and validly issued, are fully paid and nonassessable, and are owned, beneficially and of record, by the Company or Subsidiaries wholly owned by the Company, free and clear of all Liens. There are no outstanding Options with respect to any Subsidiary. The name of each director and officer of

each Subsidiary on the date hereof, and the position with such Subsidiary held by each, are listed in Section 2.05 of the Disclosure Schedule. Sellers have prior to the execution of this Agreement delivered to Purchaser true and complete copies of the certificate or articles of incorporation and by-laws (or other comparable corporate charter documents) of each of the Subsidiaries as in effect on the date hereof.

2.06 Material Asset Sales. Except as set forth in Section 2.06 of the Disclosure Schedule, and except for sales of aircraft, engines and spare parts by the Company or any Subsidiary in the ordinary course of business, (i) since July 31, 2005, neither the Company nor any Subsidiary has effected a sale or distribution of all or any substantial portion of its assets of and (ii) there are no existing agreements, options, commitments or rights with, of or to any Person to acquire any material assets or rights of the Company, any Subsidiary or any interest therein.

2.07 No Conflicts. The execution and delivery by Sellers of this Agreement do not, and the execution and delivery by Sellers of the Operative Agreements to which they are party, the performance by Sellers of their obligations under this Agreement and such Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the certificate or articles of incorporation or by-laws (or other comparable corporate charter documents) of the Company or any Subsidiary;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in Section 2.07 of the Disclosure Schedule and under the HSR Act, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Sellers, the Company or any Subsidiary or any of their respective Assets and Properties; or

(c) except as disclosed in Section 2.07(c) of the Disclosure Schedule or required under the HSR Act, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Sellers, the Company or any Subsidiary to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (iv) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (v) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, or (vi) result in the creation or imposition of any Lien upon Sellers, the Company or any Subsidiary or any of their respective Assets and Properties under, any Contract or License to which Sellers, the Company or any Subsidiary is a party or by which any of their respective Assets and Properties are bound.

2.08 Governmental Approvals and Filings. Except as disclosed in Section 2.08 of the Disclosure Schedule and filings required under the HSR Act, no consent, approval or action of, filing with or notice to any Governmental or Regulatory Authority on the part of Sellers, the Company or any Subsidiary is required in connection with the execution, delivery and performance of this Agreement or any of the Operative Agreements or the consummation of

the transactions contemplated hereby or thereby except where the failure to obtain such consent, approval or action, make such filing or provide such notice would not have a Material Adverse Effect.

2.09 Books and Records. The minute books and other similar records of the Company and the Subsidiaries as made available to Purchaser prior to the execution of this Agreement contain a true and complete record, in all material respects, of all action taken at all meetings and by all written consents in lieu of meetings of the stockholders, the boards of directors and committees of the

boards of directors of the Company and the Subsidiaries. The stock transfer ledgers and other similar records of the Company and the Subsidiaries as made available to Purchaser prior to the execution of this Agreement accurately reflect all record transfers prior to the execution of this Agreement in the capital stock of the Company and the Subsidiaries. Except as set forth in Section 2.09 of the Disclosure Schedule, neither the Company nor any Subsidiary has any of its Books and Records recorded, stored, maintained, operated or otherwise wholly or partly dependent upon or held by any means (including any electronic, mechanical or photographic process, whether computerized or not) which (including all means of access thereto and therefrom) are not under the exclusive ownership and direct control of the Company or a Subsidiary.

2.10 Financial Statements. Prior to the execution of this Agreement, Sellers have delivered to Purchaser true and complete copies of the following financial statements:

(a) the audited balance sheets of the Company and its consolidated subsidiaries as of December 31, 2003 and 2004, and the related audited consolidated statements of operations, stockholders' equity and cash flows for each of the fiscal years then ended, together with a true and correct copy of the report on such audited information by KPMG International, and all letters from such accountants with respect to the results of such audits;

(b) the unaudited balance sheets of the Company and its consolidated subsidiaries as of the last Business Day of March, June, September and December, 2004 and the last Business Day of March, June and September 2005, and the related unaudited consolidated statements of operations and stockholders' equity for the portion of the fiscal year then ended; and

(c) the unaudited estimated balance sheets of the Company and its consolidated subsidiaries as of July 31, 2005, and the related unaudited estimated consolidated statements of operations and stockholders' equity for the portion of the fiscal year then ended.

Except as set forth in the notes thereto and as disclosed in Section 2.10 of the Disclosure Schedule, all such financial statements (i) were prepared in accordance with GAAP, except that the unaudited financial statements do not have footnotes, (ii) fairly present the consolidated financial condition and results of operations of the Company and its consolidated subsidiaries as of the respective dates thereof and for the respective periods covered thereby, subject to normal year-end adjustments in the case of the unaudited financial statements, and (iii) were compiled from the Books and Records of the Company and the Subsidiaries regularly maintained by

management and used to prepare the financial statements of the Company and the Subsidiaries in accordance with the principles stated therein. The Company and the Subsidiaries have maintained their respective Books and Records in a manner sufficient to permit the preparation of financial statements in accordance with GAAP. Except for those Subsidiaries listed in Section 2.10 of the Disclosure Schedule, the financial condition and results of operations of each Subsidiary are, and for all periods referred to in this Section 2.10 have been, consolidated with those of the Company.

2.11 Absence of Changes. Except for the execution and delivery of this Agreement and the transactions to take place pursuant hereto on or prior to the Closing Date, since December 31, 2004 there has not been any event or development which, individually or together with other such events, has had or could reasonably be expected to have a Material Adverse Effect. Without limiting the foregoing, except as disclosed in Section 2.11 of the Disclosure Schedule or as explicitly disclosed in any other Section of the Disclosure Schedule, there has not occurred since December 31, 2004 and the date hereof:

(i) any declaration, setting aside or payment of any dividend or other distribution in respect of the capital stock of the Company or any Subsidiary not wholly owned by the Company, or any direct or indirect redemption, purchase or other acquisition by the Company or any Subsidiary of any such capital stock of or any Option with respect to the Company or any Subsidiary not wholly owned by the Company;

(ii) any authorization, issuance, sale or other disposition by the Company or any Subsidiary of any shares of capital stock of or Option with respect to the Company or any Subsidiary, or any modification or amendment of any right of any holder of any outstanding shares of capital stock of or Option with respect to the Company or any Subsidiary;

(iii) (x) any increase in the salary, wages or other compensation of any officer, employee or consultant of the Company or any Subsidiary whose annual salary is, or after giving effect to such change would be, $100,000 or more; (y) any establishment or modification of (A) incentive compensation arrangements, (B) targets, goals, pools or similar provisions in respect of any fiscal year under any Benefit Plan, employment-related Contract or other employee compensation arrangement or (C) salary ranges, increase guidelines or similar provisions in respect of any Benefit Plan, employment-related Contract or other employee compensation arrangement; or (z) any adoption, entering into or becoming bound by any Benefit Plan, employment-related Contract or collective bargaining agreement, or amendment, modification or termination (partial or complete) of any Benefit Plan, employment-related Contract or collective bargaining agreement, except to the extent required by applicable Law and, in the event compliance with legal requirements presented options, only to the extent the option which the Company or Subsidiary reasonably believed to be the least costly was chosen;

(iv) (A) incurrences by the Company or any Subsidiary of Indebtedness in an aggregate principal amount exceeding $1,000,000, or (B) any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled

payment date with respect to, or waiver of any right of the Company or any Subsidiary under, any Indebtedness of or owing to the Company or any Subsidiary;

(v) any physical damage, destruction or other casualty loss (whether or not covered by insurance) affecting any of the plant, real or personal property (including aircraft, engines and spare parts) or equipment of the Company or any Subsidiary in an aggregate amount exceeding $250,000,

(vi) any material change in (x) any pricing, investment, accounting, financial reporting, inventory, credit, allowance or Tax practice or policy of the Company or any Subsidiary, or (y) any method of calculating any bad debt, contingency or other reserve of the Company or any Subsidiary for accounting, financial reporting or Tax purposes, or any change in the fiscal year of the Company or any Subsidiary;

(vii) any write-off or write-down of or any determination to write off or write down any of the Assets and Properties of the Company or any Subsidiary in an aggregate amount exceeding $100,000;

(viii) any acquisition or disposition of, or incurrence of a Lien (other than a Permitted Lien) on, any Assets and Properties of the Company or any Subsidiary, other than in the ordinary course of business consistent with past practice;

(ix) any (x) amendment of the articles of incorporation or by-laws or other comparable corporate charter documents of the Company or any Subsidiary, (y) recapitalization, reorganization, liquidation or dissolution of the Company or any Subsidiary or (z) merger or other business combination involving the Company or any Subsidiary and any other Person;

(x) any entering into, amendment, modification, termination (partial or complete) or granting of a waiver under or giving any consent with respect to (A) any Contract which is required (or had it been in effect on the date hereof would have been required) to be disclosed in the Disclosure Schedule pursuant to Section 2.20 or (B) any material License held by the Company or any Subsidiary;

(xi) capital expenditures or commitments for additions to property, plant or equipment of the Company and the Subsidiaries constituting capital assets in an amount exceeding $250,000 for each such expenditure or commitment;

(xii) expenditures or requirements to make an expenditure on those Aircraft-Related Assets that have a maintenance reserve tracking account which have been leased by the Company or any Subsidiary to any third party, other than expenditures in amounts consistent with the related maintenance reserves;

(xiii) any commencement or termination by the Company or any Subsidiary of any line of business;

(xiv) any transaction by the Company or any Subsidiary with Sellers or Affiliate (other than the Company or any Subsidiary) of Sellers (A) outside the ordinary course of

business consistent with past practice or (B) other than on an arm's-length basis, other than pursuant to any Contract in effect since December 31, 2004 and disclosed pursuant to Section 2.20 of the Disclosure Schedule;

(xv) any entering into of a Contract to do or engage in any of the foregoing after the date hereof; or

(xvi) any other transaction involving or development affecting the Company or any Subsidiary outside the ordinary course of business consistent with past practice.

2.12 No Undisclosed Liabilities. Except as reflected or reserved against in the balance sheet included in the Audited Financial Statements or in the notes thereto or as disclosed in Section 2.12 of the Disclosure Schedule or any other Section of the Disclosure Schedule, there are no Liabilities against, relating to or affecting the Company or any Subsidiary or any of their respective Assets and Properties, other than Liabilities (i) incurred in the ordinary course of business consistent with past practice or (ii) which, individually or in the aggregate, are not material to the Business or Condition of the Company.

2.13 Taxes. Except as set forth in Section 2.13 of the Disclosure Schedule:

(a) The Company has filed all Tax Returns required to be filed by applicable law prior to the date hereof. All such Tax Returns were (and, as to Tax Returns not filed as of the date hereof, will be) true, complete and correct and filed on a timely basis. The Company (and each Subsidiary) has paid all Taxes that are due, or claimed or asserted by any taxing authority to be due, from the Company (or such Subsidiary) for the periods covered by the Tax Returns.

(b) To the Knowledge of Sellers, no jurisdiction (whether within or without the United States) in which the Company or any Subsidiary has not filed a specific Tax Return has asserted that the Company or such Subsidiary is required to file such Tax Return in such jurisdiction. Section 2.13 of the Disclosure Schedule lists all states and nations in which the Company or any Subsidiary files any Tax Returns and indicates in the case of income or franchise tax filings whether such filings are made on a consolidated, combined or unitary basis and the state allocation factors for the most recent taxable year for which filings have been made.

(c) The Company (and each Subsidiary) has established (and until the Closing Date will maintain) on its books and records reserves adequate to pay all Taxes not yet due and payable and such reserves are clearly identified as reserves for current Taxes.

(d) There are no Tax liens upon the assets of the Company (or any Subsidiary) except liens for Taxes not yet due and payable.

(e) The Company (and each Subsidiary) has complied (and until the Closing Date will comply) with all applicable laws, rules, and regulations relating to the payment and withholding of Taxes (including withholding and reporting requirements under Code §§1441 through 1464, 3401 through 3406, 6041 and 6049 and similar provisions under any other laws) and has, within the time and in the manner prescribed by law, withheld

from employee wages and paid over to the proper governmental authorities all required amounts.

(f) Neither the Company nor any Subsidiary has requested (and no request has been made on its behalf) any extension of time within which to file any Tax Return which extension is currently effective. Neither the Company nor any Subsidiary has executed any outstanding waivers or comparable consents regarding the application of the statute of limitations for any Taxes or Tax Returns (and no extensions have been executed on their behalf). The statute of limitations for the assessment of all Taxes has expired for all applicable Tax Returns of the Company (or any Subsidiary) through December 31, 2001.

(g) No deficiency for any Taxes has been suggested, proposed, asserted or assessed against the Company (or any Subsidiary) that has not been resolved and paid in full; no audits or other administrative proceedings or court proceedings are presently pending or to the Knowledge of Sellers threatened with regard to any Taxes or Tax Returns of the Company (or any Subsidiary); and all prior adjustments of federal Tax liability resulting from the resolution of any audit or proposed deficiency have been reported to appropriate state and local taxing authorities and all resulting Taxes payable to state and local taxing authorities have been paid.

(h) There is no power of attorney currently in force with respect to any Tax matter involving the Company (or any Subsidiary).

(i) Neither the Company nor any Subsidiary has received any written ruling of a taxing authority relating to Taxes, or any other written and legally binding agreement with a taxing authority relating to Taxes.

(j) The Company has made available (or, in the case of Tax Returns to be filed on or before the Closing Date, will make available) to Purchaser complete and accurate copies of all Tax Returns and associated work papers filed by or on behalf of the Company for all taxable years ending on or prior to the Closing Date.

(k) No agreement as to indemnification for, contribution to, or payment of Taxes exists between the Company or any Subsidiary and any other Person (other than the Company or a Subsidiary), including pursuant to any tax sharing agreement, lease agreement, purchase or sale agreement, partnership agreement or any other agreement, except where the Company or such Subsidiary is the beneficiary of, or Person entitled to, such indemnification, contribution or payment.

(l) Neither the Company nor any Subsidiary has any liability for Taxes of any Person under Treasury Regulation 1.1502-6 (or any similar provision of any state, local or foreign law), or as a transferee or successor, or by contract or otherwise.

(m) Neither the Company nor any Subsidiary is or has been a "distributing corporation" or a "controlled corporation" within the meaning of Code section 355.

(n) Neither the Company nor any Subsidiary is a party to any agreement, contract, or arrangement that would result, separately or in the aggregate, in the payment of any "excess parachute payments" within the meaning of Code Section 280G or in the disallowance of any deductions pursuant to Code Section 162(m).

(o) No property of the Company (or any Subsidiary) is property that the Company or any party to this transaction is or will be required to treat as being owned by another person pursuant to the provisions of Code Section 168(f)(8) (as in effect prior to its amendment by the Tax Reform Act of 1986) or property described in Code Section 168(g)(1)(A) or is "tax-exempt use property" or "tax-exempt bond financed property" within the meaning of Code Section 168.

(p) Neither the Company nor any Subsidiary is required to include in income any adjustment pursuant to Code §481(a) by reason of a voluntary change in accounting method initiated by the Company (or any Subsidiary), and the Internal Revenue Service ("IRS") has not proposed an adjustment or change in accounting method. No income of the Company or any Subsidiary that economically accrued prior to the Closing will be recognized as taxable income after the Closing as a result of the Company or a Subsidiary having been a party to an installment sale, an open transaction or otherwise.

(q) The Company is qualified as an S Corporation within the meaning of Code Section 1361 and will continue to be

treated as an S Corporation until the Closing causes termination of S Corporation status pursuant to Code Section 1362(d)(2). The Company has built-in gains attributable to periods during which it was taxed as a C Corporation as provided in Section 2.13(q) of the Disclosure Schedule and has no other unrealized built-in gains. The Company has accumulated earnings and profits attributable to periods that the Company was taxed as a C Corporation for federal tax purposes as provided in Section 2.13(q) of the Disclosure Schedule. Each state in which the Company is required to file tax returns respects the Company's status as an S Corporation and conforms to the federal income tax treatment of S Corporations.

(r) Neither the Company nor any Subsidiary has participated in or cooperated with any international boycott with in the meaning of Code section 999.

(s) The Company is not a United States real property holding corporation within the meaning of Code section 897(c)(2).

(t) The Company (and each Subsidiary) has disclosed on its federal income Tax Return all positions taken therein that could give rise to a substantial understatement of federal income Tax within the meaning of Code section 6662. Neither the Company nor any Subsidiary has engaged in any reportable transactions that were required to be disclosed pursuant to Treasury Regulation section 1.6011-4.

2.14 Legal Proceedings. Except as disclosed in Section 2.14 of the Disclosure Schedule (with paragraph references corresponding to those set forth below):

(a) there are no Actions or Proceedings pending or, to the Knowledge of Sellers, threatened against, relating to or affecting Sellers, the Company or any

Subsidiary or any of their respective Assets and Properties which (i) could reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements or otherwise result in a material diminution of the benefits contemplated by this Agreement or any of the Operative Agreements to Purchaser, or (ii) if determined adversely to Sellers, the Company or a Subsidiary, could reasonably be expected to (x) result in any injunction or other equitable relief against the Company or any Subsidiary that would interfere in any material respect with its business or operations or (y) Losses by the Company or any Subsidiary, individually or in the aggregate with Losses in respect of other such Actions or Proceedings, exceeding $1,000,000;

(b) there are no facts or circumstances Known to Sellers that could reasonably be expected to give rise to any Action or Proceeding that would be required to be disclosed pursuant to clause (a) above; and

(c) there are no Orders outstanding against the Company or any Subsidiary.

Prior to the execution of this Agreement, Sellers have delivered to Purchaser all responses of counsel for the Company and the Subsidiaries to auditors' requests for information delivered in connection with the Audited Financial Statements (together with any updates provided by such counsel) regarding Actions or Proceedings pending or threatened against, relating to or affecting the Company or any Subsidiary.

2.15 Compliance With Laws and Orders. Except as disclosed in Section 2.15 of the Disclosure Schedule, none of Sellers, the Company or any Subsidiary is or has at any time within the last five (5) years been, or is or has been subject to any Action or Proceeding alleging that it is or has at any time within the last five (5) years been, or has received any notice that it is or has at any time within the last five (5) years been, in violation of or in default under, in any material respect, any Law or Order applicable to the Company or any Subsidiary or any of their respective Assets and Properties.

2.16 Benefit Plans; ERISA.

(a) Section 2.16(a) of the Disclosure Schedule contains a true and complete list and description of each of the Benefit Plans. Neither the Company nor any Subsidiary has scheduled or agreed upon future increases of benefit levels (or creations of new benefits) with respect to any Benefit Plan, and no such increases or creation of benefits have been proposed, made the subject of representations to employees or requested or demanded by employees under circumstances which make it reasonable to expect that such increases will be granted. Except as disclosed in Section 2.16(a) of the Disclosure Schedule, no loan is outstanding between the Company or any Subsidiary and any employee.

(b) Neither the Company nor any Subsidiary maintains or is obligated to provide benefits under any life, medical or health plan which provides benefits to retirees or other terminated employees other than benefit continuation rights under the Consolidated Omnibus Budget Reconciliation of 1985, as amended.

(c) Except as set forth in Section 2.16(c) of the Disclosure Schedule, each Benefit Plan covers only employees who are employed by the Company or a Subsidiary (or former employees or beneficiaries with respect to service with the Company or a Subsidiary.

(d) Neither the Company, any Subsidiary, any ERISA Affiliate nor any other corporation or organization controlled by or under common control with any of the foregoing within the meaning of Section 4001 of ERISA has at any time contributed to a Defined Benefit Plan in any "multiemployer plan", as that term is defined in Section 4001 of ERISA.

(e) Each of the Benefit Plans is, and its administration is and has been since inception, in all material respects in compliance with, and neither the Company nor any Subsidiary has received any claim or notice that any such Benefit Plan is not in compliance with, all applicable Laws and Orders and prohibited transactions exemptions, including the requirements of ERISA, the Code, the Age Discrimination in Employment Act, the Equal Pay Act and Title VII of the Civil Rights Act of 1964. Each Qualified Plan either has received a favorable determination letter from the IRS, or is maintained under and substantially in accordance with a prototype plan that is the subject of a favorable opinion letter issued by the IRS, as to the Plan's tax qualified status under Section 401(a) of the Code, and, to the Knowledge of Sellers, nothing has occurred that could adversely affect the Plan's tax qualified status. Each Benefit Plan which is intended to provide for the deferral of income, the reduction of salary or other compensation or to afford other Tax benefits is in all material respects in compliance with the applicable provisions of the Code or other Laws required in order to provide such Tax benefits.

(f) None of the Sellers, the Company nor any Subsidiary is in default in performing any of its contractual obligations under any of the Benefit Plans or any related trust agreement or insurance contract. All contributions and other payments required to be made by Sellers, the Company or any Subsidiary to any Benefit Plan with respect to any period ending before or at or including the Closing Date have been made or reserves adequate for such contributions or other payments have been or will be set aside therefor and have been or will be reflected in Financial Statements in accordance with GAAP. There are no outstanding liabilities of any Benefit Plan other than liabilities for benefits to be paid to participants in such Benefit Plan and their beneficiaries in accordance with the terms of such Benefit Plan.

(g) No event has occurred, and there exists no condition or set of circumstances in connection with any Benefit Plan, under which the Company or any Subsidiary, directly or indirectly (through any indemnification agreement or otherwise), could reasonably be expected to be subject to any material risk of liability under Section 409 of ERISA, Section 502(i) of ERISA, Title IV of ERISA or Section 4975 of the Code.

(h) No transaction contemplated by this Agreement will result in liability to the PBGC under Section 302(c)(ii), 4062, 4063, 4064 or 4069 of ERISA, or otherwise, with respect to the Company, any Subsidiary, Purchaser or any corporation or organization controlled by or under common control with any of the foregoing within the meaning of Section 4001 of ERISA, and no event or condition exists or has existed which could reasonably

be expected to result in any such liability with respect to Purchaser, the Company, any Subsidiary or any such corporation or organization.

(i) No benefit under any Benefit Plan, including, without limitation, any severance or parachute payment plan or agreement, will be established or become accelerated, vested, funded or payable by reason of any transaction contemplated under this Agreement.

(j) To the Knowledge of Sellers, there are no pending or threatened claims by or on behalf of any Benefit Plan, by any Person covered thereby, or otherwise, which allege violations of Law which could reasonably be expected to result in liability on the part of Purchaser, the Company, any Subsidiary or any fiduciary of any such Benefit Plan, nor is there any basis for such a claim.

(k) No benefit under any Benefit Plan, including, without limitation, any severance or parachute payment plan or agreement, will be established or become accelerated, vested, funded or payable by reason of any transaction contemplated under this Agreement and no Benefit Plan provides for any additional amounts to be paid with respect to any tax imposed under Section 4999 of the Code. Neither the Company nor any Subsidiary have incurred any obligation to make (or possibly make) any payments that (A) will be non-deductible under, or would otherwise constitute a "parachute payment" within the meaning of, Section 280G of the Code (or any corresponding provision of state, local or foreign income Tax law) or (B) are or may be subject to the imposition of an excise tax under Section 4999 of the Code.

(l) Complete and correct copies of the following documents have been furnished to Purchaser prior to the execution of this Agreement:

(i) the Benefit Plans and any predecessor plans referred to therein, any related trust agreements, and service provider agreements, insurance contracts or agreements with investment managers, including without limitation, all amendments thereto;

(ii) current summary Plan descriptions of each Benefit Plan subject to ERISA, and any similar descriptions of other Benefit Plans, to the extent such summaries exist;

(iii) the most recently-filed Form 5500 and Schedules thereto for each Benefit Plan subject to ERISA reporting requirements;

(iv) the most recent determination or opinion of the IRS, whichever applies, with respect to the qualified status of each Qualified Plan;

(v) the most recent accountings with respect to any Benefit Plan funded through a trust;

(vi) the most recent actuarial report of the qualified actuary of any Subject Defined Benefit Plan or any other Benefit Plan with respect to which actuarial valuations are conducted; and

(vii) all qualified domestic relations orders or other orders governing payments from any Benefit Plan.

2.17 Real Property.

(a) Neither the Company nor any Subsidiary owns any real property. Section 2.17(a) of the Disclosure Schedule contains a true and correct list of each parcel of real property leased by the Company or any Subsidiary.

(b) Except as disclosed in Section 2.17(b) of the Disclosure Schedule, the Company and the Subsidiaries have adequate rights of ingress and egress with respect to the real property listed in Section 2.17(a) of the Disclosure Schedule and all buildings, structures, facilities, fixtures and other improvements thereon. To the Knowledge of Sellers, none of such real property, buildings, structures, facilities, fixtures or other improvements, or the use thereof, contravenes or violates any building, zoning, administrative, occupational safety and health or other applicable Law in any material respect (whether or not permitted on the basis of prior nonconforming use, waiver or variance).

(c) The Company or a Subsidiary has a valid and subsisting leasehold estate in and the right to quiet enjoyment of the real properties leased by it for the full term of the lease thereof. Each lease referred to in paragraph (a) above is a legal, valid and binding agreement, enforceable in accordance with its terms, of the Company or a Subsidiary and of each other Person that is a party thereto, and there is no, and neither the Company nor any Subsidiary has received notice of any, default (or any condition or event which, after notice or lapse of time or both, would constitute a default) thereunder. Neither the Company nor any Subsidiary owes any brokerage commissions with respect to any such leased space.

(d) Seller has delivered to Purchaser prior to the execution of this Agreement true and complete copies of all leases (including any amendments and renewal letters) with respect to the real property leased by the Company and the Subsidiaries.

(e) Except as disclosed in Section 2.17(e) of the Disclosure Schedule, the improvements on the real property identified in Section 2.17(a) of the Disclosure Schedule are in good operating condition and in a state of good maintenance and repair, ordinary wear and tear excepted, are adequate and suitable for the purposes for which they are presently being used and, to the Knowledge of Sellers, there are no condemnation or appropriation proceedings pending or threatened against any of such real property or the improvements thereon.

2.18 Tangible Personal Property; Investment Assets.

(a) The Company or a Subsidiary is in possession of and has good title to, or has valid leasehold interests in or valid rights under Contract to use, all tangible personal property (including Aircraft-Related Assets) used in or reasonably necessary for the conduct of their business, including all tangible personal property reflected on the balance sheet included in the Unaudited Financial Statements and tangible personal property acquired since the Unaudited Financial Statement Date other than property disposed of since such date in the ordinary course of business consistent with past practice. All such tangible personal property is free and clear of all Liens, other than Permitted Liens and Liens disclosed in Section 2.18(a) of the Disclosure Schedule, and its use complies in all material respects with all applicable Laws.

(b) Section 2.18(b) of the Disclosure Schedule describes each Investment Asset owned by the Company or any Subsidiary on the date hereof. Except as disclosed in Section 2.18(b) of the Disclosure Schedule, all such Investment Assets are owned by the Company or a Subsidiary free and clear of all Liens other than Permitted Liens.

2.19 Intellectual Property Matters.

(a) The Company has not utilized or does not currently utilize any patent, trademark, trade name, service mark, copyright, software, trade secret or know-how material to the business of the Company, *except* for commercial software generally available and those listed in Section 2.19(a) of the Disclosure Schedule (the "Intellectual Property"), all of which are owned by, or licensed to, the Company free and clear of any liens, claims, charges or encumbrances. The Intellectual Property constitutes all such assets, properties and rights which are used or held for use in, or are necessary for, the conduct of the business of the Company.

(b) Except as set forth in Section 2.19(b) of the Disclosure Schedule and except for "shrink wrap" agreements covering software, there are no royalty, commission or similar arrangements, and no licenses, sublicenses or agreements, pertaining to any of the Intellectual Property.

(c) Except as set forth in Section 2.19(c) of the Disclosure Schedule, the Company does not infringe upon unlawfully or wrongfully use any patent, trademark, trade name, service mark, copyright or trade secret owned or claimed by another. No action, suit, proceeding or investigation has been instituted or, to the Knowledge of Sellers or the Company, threatened relating to any, patent,

trademark, trade name, service mark, copyright or trade secret formerly or currently used by the Company. Except as set forth in Section 2.19(c) of the Disclosure Schedule, none of the Intellectual Property is subject to any outstanding order, decree or judgment. The Company has not agreed to indemnify any Person for or against any infringement of or by the Intellectual Property.

(d) Except as set forth in Section 2.19(d) of the Disclosure Schedule, no present or former employee of the Company and no other Person owns or has any proprietary, financial or other interest, direct or indirect, in whole or in part, in any of the Intellectual Property. Section 2.19(d) of the Disclosure Schedule lists all confidentiality or non-disclosure agreements currently in force and effect in connection with the Intellectual Property to which the Company or any of its respective employees is a party.

(e) Except as set forth in Section 2.19(d) of the Disclosure Schedule, none of the Company's Intellectual Property is registered in, filed in or issued by the United States Copyright Office or the United States Patent and Trademark Office, or in any offices in the various states of the United States and any offices in other jurisdictions.

(f) All Intellectual Property in the form of computer software that is utilized by the Company in the operations of its business is capable of processing date data between the twentieth and twenty-first centuries, or can be rendered capable of processing such data within 30 days by the expenditure of no more than $10,000 in the aggregate.

2.20 Contracts.

(a) Section 2.20(a) of the Disclosure Schedule (with paragraph references corresponding to those set forth below) contains a true and complete list of each of the following Contracts or other arrangements (true and complete copies or, if none, reasonably complete and accurate written descriptions of which, together with all amendments and supplements thereto and all waivers of any terms thereof, have been delivered to Purchaser prior to the execution of this Agreement), to which the Company or any Subsidiary is a party or by which any of their respective Assets and Properties is bound:

(i) (A) all Contracts (excluding Benefit Plans) providing for a commitment of employment or consultation services for a specified or unspecified term or otherwise relating to employment or the termination of employment, the name, position and rate of compensation of each Person party to such a Contract and the expiration date of each such Contract; and (B) any written or unwritten representations, commitments, promises, communications or courses of conduct (excluding Benefit Plans and any such Contracts referred to in clause (A)) involving an obligation of the Company or any Subsidiary to make payments in any year;

(ii) all Contracts with any Person containing any provision or covenant prohibiting or limiting the ability of the Company or any Subsidiary to engage in any business activity or compete with any Person or prohibiting or limiting the ability of any Person to compete with the Company or any Subsidiary;

(iii) all partnership, joint venture, shareholders' or other similar Contracts with any Person;

(iv) all Contracts relating to Indebtedness of the Company or any Subsidiary in excess of $250,000;

(v) all Contracts with distributors, dealers, manufacturer's representatives, sales agencies or franchisees;

(vi) all Contracts relating to (A) the future disposition or acquisition of any Assets and Properties, other than dispositions or acquisitions in the ordinary course of business consistent with past practice, and (B) any merger or other business combination;

(vii) all Contracts between or among the Company or any Subsidiary, on the one hand, and a Seller or an Affiliate (other than the Company or any Subsidiary) of a Seller, on the other hand;

(viii) all collective bargaining or similar labor Contracts;

(ix) all Contracts that (A) limit or contain restrictions on the ability of the Company or any Subsidiary to declare or pay dividends on, to make any other distribution in respect of or to issue or purchase, redeem or otherwise acquire its capital stock, to incur Indebtedness, to incur or suffer to exist any Lien, to purchase or sell any Assets and Properties, to change the lines of business in which it participates or engages

or to engage in any Business Combination or (B) require the Company or any Subsidiary to maintain specified financial ratios or levels of net worth or other indicia of financial condition;

(x) all other Contracts (other than Benefit Plans, leases listed in Section 2.21 of the Disclosure Schedule and insurance policies listed in Section 2.23 of the Disclosure Schedule) that involve the payment or potential payment, pursuant to the terms of any such Contract, by or to the Company or any Subsidiary of more than $500,000 in any twelve (12) month period;

(xi) Contracts containing minimum purchase requirements or "take or pay" provisions, or otherwise requiring the purchase of all or a specified portion of the goods or services offered for sale by any Person to the Company or any Subsidiary;

(xii) Contracts not otherwise listed in Section 2.20 of the Disclosure Schedule and continuing over a period of more than six months from the date hereof and exceeding $500,000 in value;

(xiii) Contracts containing a provision to indemnify any Person with respect to, or to assume, any tax or environmental or product liability;

(xiv) Contracts with federal, state, local or foreign regulatory or other governmental entities;

(xv) Contracts for any charitable or political contribution; and

(xvi) all Aircraft Asset Leases.

(b) Each Contract required to be disclosed in Section 2.20(a) of the Disclosure Schedule is in full force and effect and constitutes a legal, valid and binding agreement, enforceable in accordance with its terms, of each party thereto; and except as disclosed in Section 2.20 of the Disclosure Schedule neither the Company, any Subsidiary nor, to the Knowledge of Sellers, any other party to such Contract is, or has received notice that it is, in violation or breach of or default under any such Contract (or with notice or lapse of time or both, would be in violation or breach of or default under any such Contract) in any material respect.

(c) Except as disclosed in Section 2.20(c) of the Disclosure Schedule, the Company is not now or has it ever been a party to any contract with any governmental entity subject to price redetermination or renegotiation.

2.21 Aircraft-Related Assets and Aircraft Asset Leases.

(a) Set forth in Section 2.21(a) of the Disclosure Schedule is a true and complete list specifying (i) with respect to each aircraft owned by the Company, the manufacturer, model, registration marks, manufacturer's serial number, year of manufacture, any damage in excess of $500,000 which has either not been repaired or where such repair has not been paid in full and, in either case, setting forth whether such costs of repair is covered by

the insurance policies set forth in Section 2.23 of the Disclosure Schedule, (ii) with respect to each engine and each spare part with a book value of more than $25,000 owned by the Company, the manufacturer and model, and (iii) with respect to each Aircraft Asset Lease (A) the Aircraft-Related Assets subject to such Aircraft Asset Lease, (B) the identity of the lessee, (C) the expiry date of the Aircraft Asset Lease, (D) the current monthly rental (in United States dollars) and whether it is floating or fixed, (E) any extension or termination rights and (F) maintenance rent (if payable).

(b) Except as set forth in Section 2.21(b) of the Disclosure Schedule, the Company holds good and marketable title to each of the Aircraft-Related Assets described in Section 2.21(a) of the Disclosure Schedule free and clear of all Liens other than Permitted Liens and any Lien permitted pursuant to the terms of any Aircraft Asset Lease related to such Aircraft-Related Asset (other than a Lien attributable to the Company).

(c) Except as set forth in Section 2.21(c) of the Disclosure Schedule, no Person has an option to purchase any Aircraft-Related Asset pursuant to an Aircraft Asset Lease or otherwise, and no lessee has exercised an option to extend or terminate any Aircraft Asset Lease.

(d) Except as disclosed in Section 2.21(d) of the Disclosure Schedule, there are no claims which have been asserted against the Company arising out of any Aircraft Asset Lease.

2.22 Licenses. Section 2.22 of the Disclosure Schedule contains a true and complete list of all Licenses used in and material, individually or in the aggregate, to the business or operations of the Company or any Subsidiary (and all pending applications for any such Licenses), setting forth the grantor, the grantee, the function and the expiration and renewal date of each. Prior to the execution of this Agreement, Sellers have delivered to Purchaser true and complete copies of all such Licenses. Except as disclosed in Section 2.22 of the Disclosure Schedule:

(i) the Company and each Subsidiary owns or validly holds all Licenses that are material, individually or in the aggregate, to its business or operations;

(ii) each License listed in Section 2.22 of the Disclosure Schedule is valid, binding and in full force and effect; and

(iii) to the Knowledge of Sellers, neither the Company nor any Subsidiary is, or has received any notice that it is, in default (or with the giving of notice or lapse of time or both, would be in default) under any such License.

2.23 Insurance. Section 2.23 of the Disclosure Schedule contains a true and complete list (including the names and addresses of the insurers, the names of the Persons to whom such policies have been issued, the expiration dates thereof, the annual premiums and payment terms thereof, whether it is a "claims made" or an "occurrence" policy and a brief description of the interests insured thereby) of all liability, property, workers' compensation, directors' and officers' liability and other insurance policies currently in effect that insure the business, operations or employees of the Company or any Subsidiary or affect or relate to the

ownership, use or operation of any of the Assets and Properties of the Company or any Subsidiary and that (i) have been issued to the Company or any Subsidiary or (ii) have been issued to any Person (other than the Company or any Subsidiary) for the benefit of the Company or any Subsidiary. The insurance coverage provided by any of the policies described in clause (i) above will not terminate or lapse by reason of the transactions contemplated by this Agreement. Each policy listed in Section 2.23 of the Disclosure Schedule is valid and binding and in full force and effect, no premiums due thereunder have not been paid and, to the Knowledge of Sellers, neither the Company, any Subsidiary nor the Person to whom such policy has been issued has received any notice of cancellation or termination in respect of any such policy or is in default thereunder. To the Knowledge of Sellers, neither the Company, any Subsidiary nor the Person to whom such policy has been issued has received notice that any insurer under any policy referred to in this Section is denying liability with respect to a claim thereunder or defending under a reservation of rights clause. The current and historical policies are on commercially reasonable terms without historical gaps in coverage and no further premiums or payments will be due after the Closing with respect to periods prior to the Closing, except to the extent reserved against in the Financial Statements.

2.24 Affiliate Transactions. Except as disclosed in Section 2.05 or Section 2.24 of the Disclosure Schedule, (i) there are no Liabilities between the Company or any Subsidiary, on the one hand, and a Seller or an Affiliate (other than the Company or any Subsidiary) of a Seller, on the other, (ii) none of Sellers or any such Affiliates provides or causes to be provided any assets, services or facilities to the Company or any Subsidiary, (iii) neither the Company nor any Subsidiary provides or causes to be provided any assets, services or facilities to a Seller or any such Affiliate and (iv) neither the Company nor any Subsidiary beneficially owns, directly or indirectly, any Investment Assets issued by a Seller or any such Affiliate. Except as disclosed in Section 2.24 of the Disclosure Schedule, each of the Liabilities and transactions listed in Section 2.24 of the Disclosure Schedule was incurred or engaged in, as the case may be, on an arm's-length basis. Except as disclosed in Section 2.24 of the Disclosure Schedule, since December 31, 2004, all settlements of Liabilities between the Company or any Subsidiary, on the one hand, and a Seller or any such Affiliate, on the other, have been made, and all allocations of expenses have been applied, in the ordinary course of business consistent with past practice.

2.25 Employees; Labor Relations.

(a) Section 2.25(a) of the Disclosure Schedule contains a list of the name of each officer and employee of the Company and the Subsidiaries whose annual base salary or wages, plus any compensation paid or payable pursuant to any incentive, bonus or commission arrangement, was or was reasonably likely to be, at least $250,000, in respect of the year ended December 31, 2005 or is currently expected to exceed such amount in respect of the year ending December 31, 2006, together with each such person's position or function, annual base salary or wages and any incentive, bonus or commission compensation with respect to such person in effect on such date. Sellers have not received any information that would lead them to believe that any of such persons will or may cease to be employees of the Company because of or in connection with the consummation of the transactions contemplated by this Agreement.

(b) Except as disclosed in Section 2.25(b) of the Disclosure Schedule, (i) no employee of the Company or any Subsidiary is presently a member of a collective bargaining unit and, to the Knowledge of Sellers, there are no threatened or contemplated attempts to organize for collective bargaining purposes any of the employees of the Company or any Subsidiary, and (ii) no unfair labor practice complaint or sex, age, race or other discrimination claim has been brought during the last five (5) years against the Company or any of the Subsidiaries before the National Labor Relations Board, the Equal Employment Opportunity Commission or any other Governmental or Regulatory Authority. Since January 1, 2001, there has been no work stoppage, strike or other concerted action by employees of the Company or any Subsidiary. During that period, the Company and the Subsidiaries have complied in all material respects with all applicable Laws relating to the employment of labor, including, without limitation those relating to wages, hours and collective bargaining.

2.26 Environmental Matters.

(a) The Company has obtained, maintains, and is in compliance with, all permits, authorizations, approvals and consents required under Environmental Laws with respect to the operations of the Company or any premises on which its business is operated ("Environmental Permits"), all of which Environmental Permits shall remain vested in the Company upon consummation of the transactions contemplated hereby. No actions are pending, or to the knowledge of the Company or Knowledge of Sellers, threatened, to suspend, modify, amend, challenge, terminate or appeal any Environmental Permits. The Company is in compliance and has at all times complied with all Environmental Laws.

(b) Neither the Company nor any Seller has received any communication from any governmental entity or any other Person that alleges that the Company is not in compliance with any Environmental Law or Environmental Permits or has or could have any liability or investigative, corrective or remedial obligations under any Environmental Law.

(c) The Company has not entered into or agreed to any court decree or order, and is not subject to any judgment, decree or order, relating to compliance with or any liability under any Environmental Law or, except as described in Section 2.26(c) of the Disclosure Schedule, to any investigation or cleanup of a Hazardous Substance under any Environmental Law.

(d) No lien, charge, interest or encumbrance has been attached, asserted, or to the knowledge of the Company or to the Knowledge of Sellers, threatened to or against any assets or properties of the Company pursuant to any Environmental Law.

(e) Except as described in Section 2.26(e) of the Disclosure Schedule, (i) there has been no treatment, storage, disposal or Release of any Hazardous Substance on any current or former property owned, operated or leased by the Company or any of

its predecessors or Affiliates, or (ii) none of the Company nor any of its predecessors or Affiliates has treated, stored, disposed of, arranged or permitted the disposal of, transported, handled or released any Hazardous Substance, in each case of (i) or (ii) above, so as to give rise to a liability or investigatory, corrective or remedial obligation under CERCLA or any other Environmental Law.

(f) The Company has not received a CERCLA 104(e) information request and has not been named a potentially responsible party for any National Priorities List site under CERCLA or any site under analogous state law or received an analogous notice or request from any non-U.S. governmental entity, which notice, request or any resulting inquiry or litigation has not been fully and finally resolved without possibility of reopening.

(g) Except as described in Section 2.26(g) of the Disclosure Schedule, none of the real property or facilities owned, leased or operated by the Company contains any of the following: (i) above ground tanks or underground storage tanks or any former aboveground or underground tanks that have not been removed and all Releases remediated in accordance with all Environmental Laws; (ii) polychlorinated biphenyls ("PCBs") in any article, container or equipment , (iii) asbestos containing material in any form or condition, or (iv) any impoundments, landfills or waste disposal areas.

(h) The Company and Sellers collectively have provided to Purchaser true and complete copies of all written environmental assessment materials and reports in their possession or control relating to any current or former facilities or operations of the Company or any of its predecessors.

2.27 Bank and Brokerage Accounts; Investment Assets. Section 2.27 of the Disclosure Schedule sets forth (a) a true and complete list of the names and locations of all banks, trust companies, securities brokers and other financial institutions at which the Company or any Subsidiary has an account or safe deposit box or maintains a banking, custodial, trading or other similar relationship; (b) a true and complete list and description of each such account, box and relationship, indicating in each case the account number and the names of the respective officers, employees, agents or other similar representatives of the Company or any Subsidiary having signatory power with respect thereto; and (c) a list of each Investment Asset, the name of the record and beneficial owner thereof, the location of the certificates, if any, therefor, the maturity date, if any, and any stock or bond powers or other authority for transfer granted with respect thereto.

2.28 No Powers of Attorney. Except as set forth in Section 2.28 of the Disclosure Schedule, neither the Company nor any Subsidiary has any powers of attorney or comparable delegations of authority outstanding.

2.29 Accounts Receivable. Except as set forth in Section 2.29 of the Disclosure Schedule, the accounts and notes receivable of the Company and the Subsidiaries reflected on the balance sheet included in the Unaudited Financial Statements, and all accounts and notes receivable arising subsequent to the Unaudited Financial Statement Date, (i) arose from bona fide sales transactions in the ordinary course of business and are payable on ordinary trade terms, (ii) are legal, valid and binding obligations of the respective debtors enforceable in accordance with their terms, (iii) are not subject to any valid set-off or counterclaim, (iv) do not represent obligations for goods sold on consignment, on approval or on a sale-or-return basis or subject to any other repurchase or return arrangement, (v) are not subject to fixed or potential retroactive price adjustments, rebates or similar matters or provisions affecting the net amounts collectible or expected to be collected in respect thereof, (vi) to the Knowledge of Sellers, are collectible in the ordinary course of business consistent with past practice in the aggregate recorded amounts

thereof, net of any applicable reserve reflected in the balance sheet included in the Unaudited Financial Statements and (vii) are not the subject of any Actions or Proceedings brought by or on behalf of the Company or any Subsidiary. Section 2.29 of the Disclosure Schedule sets forth a description of any security arrangements and collateral securing the repayment or other satisfaction of receivables of the Company and the Subsidiaries. All steps necessary to render all such security arrangements legal, valid, binding and enforceable, and to give and maintain for the Company or a Subsidiary, as the case may be, a perfected security interest in the related collateral, have been taken.

2.30 No Illegal Payments. The Company, any Subsidiary and, to the Knowledge of Sellers, no Affiliate, officer, agent or employee thereof or of Sellers has, directly or indirectly, during the past five years, on behalf of or with respect to the Company, any Subsidiary or any Affiliate thereof, (a) made any payment or provided any goods or services which were not legal to make (or that would otherwise make any related Contract, License or transaction void or voidable) or provide or which the Company, any Subsidiary or any Affiliate thereof or any such officer, agent or employee knew or should have known were not legal for the payee or the recipient of such goods or services to receive, (b) received any payment or any goods or services which were not legal for the payer or the provider (or that would otherwise make any related Contract, License or transaction void or voidable) of such goods or services to make or provide, (c) engaged in any material transactions or made or received any material payments related to the Company or any Subsidiary which are not recorded in their accounting books and records or (d) except for petty cash for office use, had any off-book bank or cash accounts or "slush funds" related to the Company or any Subsidiary.

2.31 Inventory. Except as disclosed in the notes to the Unaudited Financial Statements, all items included in the inventory of the Company and the Subsidiaries are the property of the Company and the Subsidiaries, free and clear of any Liens other than Permitted Liens, have not been pledged as collateral, are not held by the Company or any Subsidiary on consignment from others and conform in all material respects to all standards applicable to such inventory or its use or sale imposed by Governmental or Regulatory Authorities; are fit and sufficient for the purposes for which they were procured or manufactured; could reasonably be

expected to be sold in the ordinary course of business at an amount in the aggregate not less than the amount reflected on the balance sheet included in the Unaudited Financial Statements; and, with respect to inventory reflected on the balance sheet included in the Unaudited Financial Statements, reflect an aggregate (not per item or SKU) valuation at the lower of cost or market not in excess of the valuations of inventories computed in accordance with GAAP applied on a consistent basis. All inventory of the Company and the Subsidiaries purchased after the Unaudited Financial Statement Date was purchased in the ordinary course of business at an aggregate (not per item or SKU) cost not exceeding market prices prevailing at the time of purchase. All inventory of the Company and the Subsidiaries sold after the Unaudited Financial Statement Date was sold in the ordinary course of business at an aggregate (not per item or SKU) cost not less than the value attributed to such inventory on the balance sheet included in the Unaudited Financial Statements.

2.32 Product Liability Claims. Except as set forth in Section 2.32 of the Disclosure Schedule, there are, and during the past five years there have been, no product liability claims asserted, pending or, to the Knowledge of Sellers, threatened with respect to any

products or services sold or provided by the Company or any Subsidiary. Except as set forth in Section 2.32 of the Disclosure Schedule and except for credit memoranda issued by the Company to customers in the ordinary course of business, none of which were material individually or in the aggregate, there are, and during the past five years there have been, no warranty claims asserted, pending or, to the Knowledge of Sellers, threatened with respect to any products or services sold or provided by the Company or any Subsidiary. Neither the Company, any Subsidiary nor any Seller is aware of any condition, situation or set of circumstances which could reasonably be expected to result in any such product liability or warranty claim.

2.33 Brokers. Except for Wachovia Capital Markets, LLC, whose fees, commissions and expenses are the sole responsibility of Sellers, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Sellers directly with Purchaser without the intervention of any Person on behalf of any Seller or the Company in such manner as to give rise to any valid claim by any Person against Purchaser, the Company or any Subsidiary for a finder's fee, brokerage commission or similar payment.

2.34 Disclosure. No representation or warranty contained in this Agreement, and no statement contained in the Disclosure Schedule or in any certificate, list or other writing furnished by Sellers to Purchaser pursuant to any provision of this Agreement (including without limitation the Financial Statements), contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

2.35 Indebtedness and Cash Position. As of July 31, 2005 (i) the consolidated Indebtedness of the Company and its Subsidiaries did not exceed $115,500,000; (ii) the aggregate Cash held by the Company and its Subsidiaries was not less than $493,482. The Cash amount described in the foregoing clause (ii) would have been capable of being freely distributed to or used by Purchaser not later than five (5) Business Days after July 31, 2005 if the Closing had occurred at that date, except insofar as such distribution or use would have been restricted or limited solely by operation of applicable Law.

2.36 Substantial Customers, Suppliers and Lessees. Section 2.36(a) of the Disclosure Schedule lists the ten (10) largest customers of the business and operations of the Company, on the basis of revenues for goods sold or services provided for the most recently-completed fiscal year and the corresponding percentage of revenue derived from each of such customers. Section 2.36(b) of the Disclosure Schedule lists the ten (10) largest suppliers of the business and operations of the Company, on the basis of cost of goods or services purchased for the most recently-completed fiscal year and the corresponding percentage of cost incurred for each of such suppliers. Section 2.36(c) of the Disclosure Schedule lists the ten (10) largest lessees of the business and operations of the Company, on the basis of leasing revenue for goods under lease for the most recently-completed fiscal year. Except as disclosed in Section 2.36(d) of the Disclosure Schedule, no such customer, supplier or lessee has ceased or materially reduced its purchases from, use of the services of, or sales or provision of services to the business and operations of the Company since the Unaudited Financial Statement Date, or to the Knowledge of Sellers, has threatened to cease or materially reduce such purchases, leases, use, sales or provision of services after the date hereof. Except as disclosed in Section 2.36(e) of the

Disclosure Schedule, to the Knowledge of Sellers, no such customer, supplier or lessee is threatened with bankruptcy or insolvency.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PURCHASER

Purchaser hereby represents and warrants to Sellers as follows:

3.01 Organization. Purchaser is a corporation duly organized, validly existing and in good standing under the Laws of the State of Delaware. Purchaser has full corporate power and authority to execute and deliver this Agreement and the Operative Agreements to which it is a party, to perform its obligations hereunder and thereunder and to consummate the transactions contemplated hereby and thereby.

3.02 Authority. The execution and delivery by Purchaser of this Agreement and the Operative Agreements to which

it is a party, and the performance by Purchaser of its obligations hereunder and thereunder, have been duly and validly authorized by the Board of Directors of Purchaser, no other corporate action on the part of Purchaser or its stockholders being necessary. This Agreement has been duly and validly executed and delivered by Purchaser and constitutes, and upon the execution and delivery by Purchaser of the Operative Agreements to which it is a party, such Operative Agreements will constitute legal, valid and binding obligations of Purchaser enforceable against Purchaser in accordance with their terms.

3.03 No Conflicts. The execution and delivery by Purchaser of this Agreement do not, and the execution and delivery by Purchaser of the Operative Agreements to which it is a party, the performance by Purchaser of its obligations under this Agreement and such Operative Agreements and the consummation of the transactions contemplated hereby and thereby will not:

(a) conflict with or result in a violation or breach of any of the terms, conditions or provisions of the corporate charter documents of Purchaser;

(b) subject to obtaining the consents, approvals and actions, making the filings and giving the notices disclosed in Schedule 3.04 hereto, conflict with or result in a violation or breach of any term or provision of any Law or Order applicable to Purchaser or any of its Assets and Properties; or

(c) except as disclosed in Schedule 3.03 hereto, (i) conflict with or result in a violation or breach of, (ii) constitute (with or without notice or lapse of time or both) a default under, (iii) require Purchaser to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, or (iv) result in the creation or imposition of any Lien upon Purchaser or any of its Assets or Properties under, any Contract or License to which Purchaser is a party or by which any of its Assets and Properties is bound.

3.04 Governmental Approvals and Filings. Except as disclosed in Schedule 3.04 hereto, no consent, approval or action of, filing with or notice to any

Governmental or Regulatory Authority on the part of Purchaser is required in connection with the execution, delivery and performance of this Agreement or the Operative Agreements to which it is a party or the consummation of the transactions contemplated hereby or thereby.

3.05 Legal Proceedings. There are no Actions or Proceedings pending or, to the knowledge of Purchaser, threatened against, relating to or affecting Purchaser or any of its Assets and Properties which could reasonably be expected to result in the issuance of an Order restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements.

3.06 Purchase for Investment. The Shares will be acquired by Purchaser (or, if applicable, its assignee pursuant to Section 14.09(b)(i)) for its own account for the purpose of investment, it being understood that the right to dispose of such Shares shall be entirely within the discretion of Purchaser (or such assignee, as the case may be). Purchaser (or such assignee, as the case may be) will refrain from transferring or otherwise disposing of any of the Shares, or any interest therein, in such manner as to cause Sellers to be in violation of the registration requirements of the Securities Act of 1933, as amended, or applicable state securities or blue sky laws.

3.07 Financing. On or prior to the Closing Date, Purchaser shall have obtained all financing, or shall otherwise have sufficient funds, necessary for it to consummate the purchase of the Shares and the other transactions contemplated hereby.

3.08 Brokers. Except for Lehman Brothers, whose fees, commissions and expenses are the sole responsibility of Purchaser, all negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by Purchaser directly with Sellers without the intervention of any Person on behalf of Purchaser in such manner as to give rise to any valid claim by any Person against Sellers, the Company or any Subsidiary for a finder's fee, brokerage commission or similar payment.

3.09 Disclosure. No representation or warranty contained in this Agreement, and no statement contained in any certificate, list or other writing furnished by Purchaser, the Cerberus Entities or Parent to Sellers pursuant to any provision of this Agreement, contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements herein or therein, in the light of the circumstances under which they were made, not misleading.

ARTICLE IV

COVENANTS OF SELLERS

Sellers jointly and severally covenant and agree with Purchaser that, at all times from and after the date hereof until the Closing and, with respect to any covenant or agreement by its terms to be performed in whole or in part after the Closing, for the period specified therein or, if no period is specified therein, indefinitely, Sellers will comply with all covenants and provisions of this Article IV, except to the extent Purchaser may otherwise consent in writing.

4.01 Regulatory and Other Approvals. Sellers will, and will cause the Company and the Subsidiaries to, as

promptly as practicable (a) at no additional cost or expense to Sellers except as provided in this Agreement, take all commercially reasonable steps necessary or desirable to obtain all consents, approvals or actions of, make all filings with and give all notices to Governmental or Regulatory Authorities or any other Person required of Sellers, the Company or any Subsidiary to consummate the transactions contemplated hereby and by the Operative Agreements, including without limitation those described in Sections 2.07 and 2.08 of the Disclosure Schedule, (b) provide such other information and communications to such Governmental or Regulatory Authorities or other Persons as Purchaser or such Governmental or Regulatory Authorities or other Persons may reasonably request in connection therewith and (c) cooperate with Purchaser in connection with the performance of its obligations under Sections 5.01 and 5.02. Sellers will provide prompt notification to Purchaser when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise Purchaser of any communications (and, unless precluded by Law, provide copies of any such communications that are in writing) with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement or any of the Operative Agreements.

4.02 HSR Filings. In addition to and not in limitation of Sellers' covenants contained in Section 4.01, Sellers will (a) take promptly all actions necessary to make the filings required of Sellers or their Affiliates under the HSR Act, (b) comply at the earliest practicable date with any request for additional information received by Sellers or their Affiliates from the Federal Trade Commission or the Antitrust Division of the Department of Justice pursuant to the HSR Act and (c) cooperate with Purchaser in connection with Purchaser's filing under the HSR Act and in connection with resolving any investigation or other inquiry concerning the transactions contemplated by this Agreement commenced by either the Federal Trade Commission or the Antitrust Division of the Department of Justice or state attorneys general.

4.03 Investigation by Purchaser. Sellers will, and will cause the Company and the Subsidiaries to, (a) provide Purchaser and any Person who is considering providing financing to Purchaser or Parent to finance all or any portion of the Purchase Price and their respective officers, directors, employees, agents, counsel, accountants, financial advisors, consultants and other representatives (together "Representatives") with full access, upon reasonable prior notice and during normal business hours, to all officers, employees, agents and accountants of the Company and the Subsidiaries and their Assets and Properties and Books and Records, and (b) furnish Purchaser and such other Persons with all such information and data (including without limitation copies of Contracts, Benefit Plans and other Books and Records) concerning the business and operations of the Company and the Subsidiaries as Purchaser or any of such other Persons reasonably may request in connection with such investigation.

4.04 No Solicitations. Sellers will not take, nor will it permit the Company, the Subsidiaries or any Affiliate of any Seller (or authorize or permit any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of any Seller, the Company, the Subsidiaries or any such Affiliate) to take, directly or indirectly, any action to solicit, encourage, receive, negotiate, assist or otherwise facilitate (including by furnishing confidential information with respect to the Company or any Subsidiary or permitting access to the Assets and Properties and Books and Records of the Company or any Subsidiary)

any offer or inquiry from any Person concerning an Acquisition Proposal. If any Seller, the Company, any Subsidiary or any such Affiliate (or any such Person acting for or on their behalf) receives from any Person any offer, inquiry or informational request referred to above, Sellers will promptly advise such Person, by written notice, of the terms of this Section 4.04 and will promptly, orally and in writing, advise Purchaser of such offer, inquiry or request and deliver a copy of such notice to Purchaser.

4.05 Conduct of Business. Sellers will cause the Company and the Subsidiaries to conduct business only in the ordinary course consistent with past practice. Without limiting the generality of the foregoing, Sellers will:

(a) cause the Company and the Subsidiaries to use commercially reasonable efforts to (i) preserve intact the present business organization and reputation of the Company and the Subsidiaries, (ii) keep available (subject to dismissals and retirements in the ordinary course of business consistent with past practice) the services of the present officers, employees and consultants of the Company and the Subsidiaries, (iii) maintain the Assets and Properties of the Company and the Subsidiaries in good working order and condition, ordinary wear and tear excepted, (iv) maintain the good will of customers, suppliers, lenders and other Persons from or to whom the Company or any Subsidiary obtains or provides goods or services or with whom the Company or any Subsidiary otherwise has significant business relationships and (v) continue all current sales, marketing and promotional activities relating to the business and operations of the Company and the Subsidiaries;

(b) except to the extent required by applicable Law, (i) cause the Books and Records to be maintained in the usual, regular and ordinary manner, (ii) not permit any material change in (A) any pricing, investment, accounting, financial reporting, inventory, credit, allowance or Tax practice or policy of the Company or any Subsidiary, or (B) any method of calculating any bad debt, contingency or other reserve of the Company or any Subsidiary for accounting, financial reporting or Tax purposes and (iii) not permit any change in the fiscal year of the Company or any Subsidiary;

(c) (i) use, and will cause the Company and the Subsidiaries to use, commercially reasonable efforts to maintain in full force and effect until the Closing substantially the same levels of coverage as the insurance afforded under the Contracts listed in Section 2.23 of the Disclosure Schedule and (ii) cause any and all benefits under such Contracts paid or payable (whether before or after the date of this Agreement) with respect to the business, operations, employees or Assets and Properties of the Company and the Subsidiaries to be paid to the Company and the Subsidiaries; and

(d) cause the Company and the Subsidiaries to comply, in all material respects, with all Laws and Orders applicable to the business and operations of the Company and the Subsidiaries, and promptly following receipt thereof to give Purchaser copies of any formal or informal notice received from any Governmental or Regulatory Authority or other Person alleging any violation or potential violation of any such Law or Order.

4.06 Financial Statements and Reports; Filings.

(a) As promptly as practicable and in any event no later than forty five (45) days after the end of each fiscal quarter ending after the date hereof and before the Closing Date (other than the fourth quarter) or ninety (90) days after the end of each fiscal year ending after the date hereof and before the Closing Date, as the case may be, Sellers will deliver to Purchaser true and complete copies of (in the case of any such fiscal year) the audited and (in the case of any such fiscal quarter) the unaudited consolidated balance sheet, and the related audited or unaudited consolidated statements of operations, stockholders' equity and cash flows, of the Company and its consolidated subsidiaries, in each case as of and for the fiscal year then ended or as of and for each such fiscal quarter and the portion of the fiscal year then ended, as the case may be, together with the notes, if any, relating thereto, which audited financial statements shall be prepared on a basis consistent with the Audited Financial Statements and which unaudited financial statements shall be prepared on a basis consistent with the Unaudited Financial Statements.

(b) As promptly as practicable, Sellers will deliver to Purchaser true and complete copies of such other financial statements, reports and analyses as may be prepared or received by Sellers, the Company or any Subsidiary relating to the business or operations of the Company or any Subsidiary or as Purchaser may otherwise reasonably request.

(c) As promptly as practicable, Sellers will deliver copies of all License applications and other filings made by the Company or any Subsidiary after the date hereof and before the Closing Date with any Governmental or Regulatory Authority (other than routine, recurring filings made in the ordinary course of business consistent with past practice).

4.07 Employee Matters. Except as may be required by Law, Sellers will refrain, and will cause the Company and the Subsidiaries to refrain, from directly or indirectly:

(a) making any representation or promise, oral or written, to any officer, employee or consultant of the Company or any Subsidiary concerning any Benefit Plan, except for statements as to the rights or accrued benefits of any officer, employee or consultant under the terms of any Benefit Plan or as otherwise may be required by applicable Law;

(b) making any increase in the salary, wages or other compensation of any officer, employee or consultant of the Company or any Subsidiary whose annual aggregate compensation is or is expected to be or, after giving effect to such change, would or would be expected to be, $100,000 or more;

(c) adopting, entering into or becoming bound by any Benefit Plan, employment-related Contract or collective bargaining agreement, or amending, modifying or terminating (partially or completely) any Benefit Plan, employment-related Contract or collective bargaining agreement, except to the extent required by applicable Law and, in the event compliance with legal requirements presents options, only to the extent that the option which the Company or Subsidiary reasonably believes to be the least costly is chosen; or

(d) establishing or modifying any (i) incentive compensation arrangements, (ii) targets, goals, pools or similar provisions in respect of any fiscal year under any Benefit Plan, employment-related Contract or other employee compensation arrangement or (iii) salary ranges, increase guidelines or similar provisions in respect of any Benefit Plan, employment-related Contract or other employee compensation arrangement.

Sellers will cause the Company and the Subsidiaries to administer each Benefit Plan, or cause the same to be so administered, in all material respects in accordance with the applicable provisions of the Code, ERISA and all other applicable Laws. Sellers will promptly notify Purchaser in writing of each receipt by Sellers, the Company or any Subsidiary (and furnish Purchaser with copies) of any notice of investigation or administrative proceeding by the IRS, Department of Labor, PBGC or other Person involving any Benefit Plan.

4.08 Certain Restrictions. Sellers will cause the Company and the Subsidiaries to refrain from:

(a) amending their articles of incorporation or by-laws (or other comparable corporate charter documents) or taking any action with respect to any such amendment or any recapitalization, reorganization, liquidation or dissolution of any such corporation;

(b) authorizing, issuing, selling or otherwise disposing of any shares of capital stock of or any Option with respect to the Company or any Subsidiary, or modifying or amending any right of any holder of outstanding shares of capital stock of or Option with respect to the Company or any Subsidiary;

(c) declaring, setting aside or paying any dividend or other distribution in respect of the capital stock of the Company or any Subsidiary not wholly owned by the Company, or directly or indirectly redeeming, purchasing or otherwise acquiring any capital stock of or any Option with respect to the Company or any Subsidiary not wholly owned by the Company;

(d) acquiring or disposing of, or incurring any Lien (other than a Permitted Lien) on, any Assets and Properties, other than in the ordinary course of business consistent with past practice;

(e) (i) entering into, amending, modifying, terminating (partially or completely), granting any waiver under or giving any consent with respect to (A) any Contract that would, if in existence on the date of this Agreement, be required to be disclosed in the Disclosure Schedule pursuant to Section 2.20, excluding any Aircraft Asset Leases or (B) any material License or (ii) granting any irrevocable powers of attorney;

(f) violating, breaching or defaulting under in any material respect, or taking or failing to take any action that (with or without notice or lapse of time or both) would constitute a material violation or breach of, or default under, any term or provision of any License held or used by the Company or any Subsidiary or any Contract to which the Company or any Subsidiary is a party or by which any of their respective Assets and Properties is bound;

(g) (i) other than taking advances under the Company's existing revolving credit facility with Wachovia Bank, N.A., incurring Indebtedness in an aggregate principal amount exceeding $1,000,000, or (ii) voluntarily purchasing, canceling, prepaying or otherwise providing for a complete or partial discharge in advance of a scheduled payment date with respect to, or waiving any right of the Company or any Subsidiary under, any Indebtedness of or owing to the Company or any Subsidiary;

(h) engaging with any Person in any merger or other business combination;

(i) making capital expenditures or commitments for additions to property, plant or equipment constituting capital assets in amounts exceeding $1,000,000 in the aggregate or, in the case of assets constituting Aircraft-Related Assets, exceeding $5,000,000 individually or $20,000,000 in the aggregate;

(j) making any change in the lines of business in which they participate or are engaged;

(k) writing off or writing down any of their Assets and Properties outside the ordinary course of business consistent with past practice; or

(l) entering into any Contract to do or engage in any of the foregoing.

4.09 Affiliate Transactions. Except as set forth in Section 4.09 of the Disclosure Schedule, immediately prior to the Closing, all Indebtedness and other amounts owing under Contracts between a Seller or any Affiliate (other than the Company or any Subsidiary) of a Seller, on the one hand, and the Company or any of the Subsidiaries, on the other, will be paid in full, and such Seller will terminate and will cause any such Affiliate to terminate each Contract with the Company or any Subsidiary. Prior to the Closing, neither the Company nor any Subsidiary will enter into any Contract or amend or modify any existing Contract, and will not engage in any transaction outside the ordinary course of business consistent with past practice or not on an arm's-length basis (other than pursuant to Contracts disclosed pursuant to Section 2.20 of the Disclosure Schedule), with any Seller or any such Affiliate.

4.10 Books and Records. On the Closing Date, Sellers will deliver or make available to Purchaser at the offices of the Company and the Subsidiaries all of the Books and Records, and if at any time after the Closing Sellers discover in their possession or under their control any other Books and Records, they will forthwith deliver such Books and Records to Purchaser.

4.11 Employment. Management Sellers shall, simultaneously with the Closing, enter into the Employment Agreements.

4.12 Non-Competition. Sellers shall, simultaneously with the Closing, enter into the Non-Competition Agreement.

4.13 Notice and Cure. Sellers will notify Purchaser in writing (where appropriate, through updates to the Disclosure Schedule) of, and contemporaneously will provide

Purchaser with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before the Closing, any event, transaction or circumstance, as soon as practicable after it becomes Known to Sellers, occurring after the date of this Agreement that causes or will cause any covenant or agreement of Sellers under this Agreement to be breached or that renders or will render untrue any representation or warranty of Sellers contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. No notice given pursuant to this Section shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit Purchaser's right to seek indemnification under Article XI.

4.14 Fulfillment of Conditions. Sellers will execute and deliver at the Closing each Operative Agreement that Sellers are required hereby to execute and deliver as a condition to the Closing, will take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each other condition to the obligations of Purchaser contained in this Agreement (including without limitation, the conditions set forth in Section 6.05 and 6.08) and will not, and will not permit the Company or any Subsidiary to, take or fail to take any action that could reasonably be expected to result in the nonfulfillment of any such condition.

4.15 S Corporation Status. Sellers will not take any action, and will cause the Company to refrain from taking any action, that would cause the Company to cease to be treated as an S Corporation within the meaning of Code Section 1361. Sellers will

not take any action, and will ensure that the neither the Company nor any Subsidiary takes any action, that would cause any Subsidiary to cease to qualify as either (i) a qualified subchapter S subsidiary within the meaning of Code Section 1361(b)(3)(B), (ii) an entity the existence of which is disregarded or (iii) a partnership with respect to which an election under Code Section 754 is in effect.

4.16 New Real Estate Lease. Sellers shall cause Enbee Capital, LLC ("Enbee") to negotiate in good faith with Purchaser and on an arms-length basis definitive documentation with respect to the premises located at 2323 NW 82nd Avenue (the "New Real Estate Lease") (which lease shall contain customary market-based terms); provided, however, if Enbee and Purchaser cannot agree to all terms of the New Real Estate Lease (notwithstanding such good faith negotiation), the current lease, as amended, between Enbee and the Company shall remain in full force and effect, and the failure to have entered into the New Real Estate Lease shall not be a breach of the covenant hereunder.

4.17 AeroTurbine Capital Shares Contribution. Sellers shall, on or before the Closing, contribute all of the outstanding shares in AeroTurbine Capital to the Company.

4.18 Sellers' Account. Each of the Management Sellers shall, for two (2) years from and after the Closing Date, keep available not less than $10,000,000 (i.e., $20,000,000 in the aggregate for both Management Sellers) in Cash Equivalent Investments (as hereinafter defined) in an account of such Management Seller (each, an "Investment Account") in a depository institution or trust company incorporated under the laws of the United States of America which is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than $500,000,000 (any such institution being an

"Authorized Bank"), and provide Purchaser with bank or brokerage statements with respect to such accounts on a monthly basis. Sellers and Purchaser further agree that upon creation of such account, Sellers and Purchaser will execute joint signature instructions directing the Authorized Bank not to permit, without the joint written instructions of both Sellers and Purchaser, (i) the release or other distribution or transfer of any funds in such account, if such release, transfer or distribution would cause either Investment Account to be left with Cash Equivalent Investments with an aggregate market value of less than $10,000,000, (ii) an assignment to any Person of such account or funds contained therein or (iii) the use of such account or funds contained therein as collateral; provided, however, that such restrictions shall lapse and no longer be applicable on the second anniversary of the Closing Date, irrespective of whether any claims are then pending against Sellers by any Purchaser Indemnified Party. As used herein, "Cash Equivalent Investments" means, at any time, (a) any evidence of indebtedness maturing not more 30 days after such time, issued or guaranteed by the United States Government or any agency thereof, (b) commercial paper, maturing not more than 30 days from the date of issue, or corporate demand notes, in each case rated at least A-l by Standard & Poor's Corporation or P-l by Moody's Investors Service, Inc., (c) any certificate of deposit, time deposit or banker's acceptance, maturing not more than 30 days after such time, or any overnight Federal Funds transaction that is issued or sold by any Authorized Bank, (d) medium and long-term securities rated at least A- by Standard & Poor's Corporation, and (e) money market accounts or mutual funds which invest exclusively in assets satisfying the foregoing requirements. If at any time or from time to time the aggregate fair market value of the Cash Equivalent Investments in either Investment Account falls below $10,000,000, the Management Seller owning such Account shall deposit additional cash and/or Cash Equivalent Investments to bring such aggregate fair market value to at least $10,000,000.

ARTICLE V

COVENANTS OF PURCHASER

Purchaser covenants and agrees with Sellers that, at all times from and after the date hereof until the Closing, Purchaser will comply with all covenants and provisions of this Article V, except to the extent Sellers may otherwise consent in writing.

5.01 Regulatory and Other Approvals. Purchaser will as promptly as practicable (a) take all commercially reasonable steps necessary or desirable to obtain all consents, approvals or actions of, make all filings with and give all notices to Governmental or Regulatory Authorities or any other Person required of Purchaser to consummate the transactions contemplated hereby and by the Operative Agreements, including without limitation those described in Schedules 3.03 and 3.04 hereto, (b) provide such other information and communications to such Governmental or Regulatory Authorities or other Persons as Sellers or such Governmental or Regulatory Authorities or other Persons may reasonably request in connection therewith and (c) cooperate with Sellers, the Company and the Subsidiaries in connection with the performance of their obligations under Sections 4.01 and 4.02. Purchaser will provide prompt notification to Sellers when any such consent, approval, action, filing or notice referred to in clause (a) above is obtained, taken, made or given, as applicable, and will advise Sellers of any communications (and, unless precluded by Law, provide copies of any such

communications that are in writing) with any Governmental or Regulatory Authority or other Person regarding any of the transactions contemplated by this Agreement or any of the Operative Agreements.

5.02 HSR Filings. In addition to and without limiting Purchaser's covenants contained in Section 5.01, Purchaser shall (a) take promptly all actions necessary to make the filings required of Purchaser or its Affiliates under the HSR Act, (b) comply at the earliest practicable date with any request for additional information received by Purchaser or its Affiliates from the Federal Trade Commission or the Antitrust Division of the Department of Justice pursuant to the HSR Act and (c) cooperate with Sellers in connection with Sellers' filing under the HSR Act and in connection with resolving any investigation or other regulatory inquiry concerning the transactions contemplated by this Agreement commenced by either the Federal Trade Commission or the Antitrust Division of the

Department of Justice or state attorneys general.

5.03 Employment. Purchaser shall, simultaneously with the Closing, enter into the Employment Agreements.

5.04 Non-Competition. Purchaser shall, simultaneously with the Closing, enter into the Non-Competition Agreement.

5.05 Notice and Cure. Purchaser shall notify Sellers in writing of, and contemporaneously will provide Sellers with true and complete copies of any and all information or documents relating to, and will use all commercially reasonable efforts to cure before the Closing, any event, transaction or circumstance, as soon as practicable after it becomes known to Purchaser, occurring after the date of this Agreement that causes or will cause any covenant or agreement of Purchaser under this Agreement to be breached or that renders or will render untrue any representation or warranty of Purchaser contained in this Agreement as if the same were made on or as of the date of such event, transaction or circumstance. No notice given pursuant to this Section shall have any effect on the representations, warranties, covenants or agreements contained in this Agreement for purposes of determining satisfaction of any condition contained herein or shall in any way limit Sellers' right to seek indemnification under Article XI.

5.06 Fulfillment of Conditions. Purchaser will execute and deliver at the Closing each Operative Agreement that Purchaser is hereby required to execute and deliver as a condition to the Closing, will take all commercially reasonable steps necessary or desirable and proceed diligently and in good faith to satisfy each other condition to the obligations of Sellers contained in this Agreement (including without limitation, the conditions set forth in Section 6.05 and 6.08) and will not take or fail to take any action that could reasonably be expected to result in the nonfulfillment of any such condition.

5.07 New Real Estate Lease. Purchaser shall negotiate in good faith with Enbee and on an arms-length basis definitive documentation with respect to the New Real Estate Lease (which lease shall contain customary market-based terms); provided, however, if Enbee and Purchaser cannot agree to all terms of the New Real Estate Lease (notwithstanding such good faith negotiation), the current lease, as amended, between Enbee and the Company shall

remain in full force and effect, and the failure to have entered into the New Real Estate Lease shall not be a breach of the covenant hereunder.

ARTICLE VI

CONDITIONS TO OBLIGATIONS OF PURCHASER

The obligations of Purchaser hereunder to purchase the Shares are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Purchaser in its sole discretion):

6.01 Representations and Warranties. Each of the representations and warranties made by Sellers in this Agreement (other than those made as of a specified date earlier than the Closing Date) shall be true and correct in all material respects on and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date, and any representation or warranty made as of a specified date earlier than the Closing Date shall have been true and correct in all material respects on and as of such earlier date.

6.02 Performance. Sellers shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be so performed or complied with by Sellers at or before the Closing.

6.03 Certificates of Sellers. Sellers shall have delivered to Purchaser a certificate, dated the Closing Date and executed by Sellers, substantially in the form and to the effect of Exhibit E hereto.

6.04 Orders and Laws. There shall not be in effect on the Closing Date any Order or Law restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements or which could reasonably be expected to otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement or any of the Operative Agreements to Purchaser, and there shall not be pending or threatened on the Closing Date any Action or Proceeding by any Governmental or Regulatory Authority which could reasonably be expected to result in the issuance of any such Order or the enactment, promulgation or deemed applicability to Purchaser, the Company, any Subsidiary or the transactions contemplated by this Agreement or any of the Operative Agreements of any such Law.

6.05 Regulatory Consents and Approvals. All consents, approvals and actions of, filings with and notices to any Governmental or Regulatory Authority necessary to permit Purchaser and Sellers to perform their obligations under this Agreement and the Operative Agreements and to consummate the transactions contemplated hereby and thereby (a) shall have been duly obtained, made or given, (b) shall be in form and substance reasonably satisfactory to Purchaser, (c) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (d) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental or Regulatory Authority necessary for the consummation of the transactions contemplated by this Agreement and the Operative Agreements, including under the HSR Act, shall have occurred.

6.06 Third Party Consents. The consents (or in lieu thereof waivers) listed in Section 6.06 of the Disclosure Schedule, and all other consents (or in lieu thereof waivers) to the performance by Purchaser and Sellers of their obligations under this Agreement and the Operative Agreements or to the consummation of the transactions contemplated hereby and thereby as are required under any Contract to which Purchaser, Sellers, the Company or any Subsidiary is a party or by which any of their respective Assets and Properties are bound (a) shall have been obtained, (b) shall be in form and substance reasonably satisfactory to Purchaser, (c) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (d) shall be in full force and effect, except (other than in the case of the consents listed in Section 6.06 of the Disclosure Schedule) where the failure to obtain any such consent (or in lieu thereof waiver) could not reasonably be expected, individually or in the aggregate with other such failures, to have a Material Adverse Effect or otherwise result in a material diminution of the benefits of the transactions contemplated by this Agreement and the Operative Agreements to Purchaser.

6.07 Resignations of Directors and Officers. Such members of the boards of directors and such officers of the Company and the Subsidiaries as are designated in a written notice delivered at least two (2) Business Days prior to the Closing Date by Purchaser to Sellers shall have tendered, effective at the Closing, their resignations as such directors and officers.

6.08 Proceedings. All proceedings to be taken on the part of Sellers in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in form and substance to Purchaser, and Purchaser shall have received copies of all such documents and other evidences as Purchaser may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

6.09 Shareholder Equity Agreements. Sellers shall have entered into the Stockholders Agreement and, simultaneously with the Closing, shall have consummated the issuance and sale of shares pursuant to the terms of the Restricted Shares Purchase Agreement.

6.10 Employment Agreements. Management Sellers shall have entered into the Employment Agreements.

6.11 Non-Competition Agreement. Sellers shall have entered into the Non-Competition Agreement.

6.12 AeroTurbine Capital Shares Contribution. Sellers shall have contributed all of the outstanding shares in AeroTurbine Capital to the Company.

ARTICLE VII

CONDITIONS TO OBLIGATIONS OF SELLERS

The obligations of Sellers hereunder to sell the Shares are subject to the fulfillment, at or before the Closing, of each of the following conditions (all or any of which may be waived in whole or in part by Sellers in their sole discretion):

7.01 Representations and Warranties. Each of the representations and warranties made by Purchaser in this Agreement shall be true and correct in all material respects on and as of the Closing Date as though such representation or warranty was made on and as of the Closing Date.

7.02 Performance. Purchaser shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be so performed or complied with by Purchaser at or before the Closing.

7.03 Officers' Certificates. Purchaser shall have delivered to Sellers a certificate, dated the Closing Date and executed in the name and on behalf of Purchaser by the Chairman of the Board, the President or any Executive or Senior Vice President of Purchaser, substantially in the form and to the effect of Exhibit F hereto, and a certificate, dated the Closing Date and executed by the Secretary or any Assistant Secretary of Purchaser, substantially in the form and to the effect of Exhibit G hereto.

7.04 Orders and Laws. There shall not be in effect on the Closing Date any Order or Law that became effective after the date of this Agreement restraining, enjoining or otherwise prohibiting or making illegal the consummation of any of the transactions contemplated by this Agreement or any of the Operative Agreements.

7.05 Regulatory Consents and Approvals. All consents, approvals and actions of, filings with and notices to any Governmental or Regulatory Authority necessary to permit Sellers and Purchaser to perform their obligations under this Agreement and the Operative Agreements and to consummate the transactions contemplated hereby and thereby (a) shall have been duly obtained, made or given, (b) shall not be subject to the satisfaction of any condition that has not been satisfied or waived and (c) shall be in full force and effect, and all terminations or expirations of waiting periods imposed by any Governmental or Regulatory Authority necessary for the consummation of the transactions contemplated by this Agreement and the Operative Agreements, including under the HSR Act, shall have occurred.

7.06 Proceedings. All proceedings to be taken on the part of Purchaser in connection with the transactions contemplated by this Agreement and all documents incident thereto shall be reasonably satisfactory in form and substance to Sellers, and Sellers shall have received copies of all such documents and other evidences as Sellers may reasonably request in order to establish the consummation of such transactions and the taking of all proceedings in connection therewith.

7.07 Shareholder Equity Agreements. The Cerberus Entities shall have entered into the Stockholders Agreement and, simultaneously with the Closing, shall have consummated the issuance and sale of shares pursuant to the terms of the Restricted Shares Purchase Agreement.

7.08 Employment Agreements. Purchaser shall have entered into the Employment Agreements.

7.09 Release of Seller Guarantees. Wachovia Bank, N.A. shall have released the individual guarantees of Sellers under the Company's existing revolving credit facility with Wachovia Bank, N.A.

ARTICLE VIII

TAX MATTERS AND POST-CLOSING TAXES

8.01 Tax Returns.

(a) Except as otherwise provided in Section 1.04, Sellers shall, at the Company's expense, prepare (or cause to be prepared) and timely file (or cause to be timely filed) all Tax Returns of the Company or any Subsidiary that are due (after any extensions) prior to the Closing Date and, except to the extent reflected in or reserved against in the Financial Statements, shall pay any Taxes due in respect of such Tax Returns.

(b) Except as otherwise provided in Section 1.04, Purchaser shall prepare (or cause to be prepared) and file when due (or cause to be filed) all Tax Returns that are required to be filed by or with respect to the Company after the Closing Date and shall remit any Taxes imposed on the Company or any Subsidiary that are due in respect of such Tax Returns. With respect to Tax Returns that are required to be filed by or with respect to the Company for any tax period that begins before and ends after the Closing Date (such periods "Straddle Periods" and such Tax Returns "Straddle Returns"), such Straddle Returns shall be prepared in a manner consistent with past practice (unless otherwise required by law), and Sellers shall be responsible for Taxes due in respect of that portion of such Straddle Period that ends on the Closing Date, except to the extent reflected in or reserved against in the Financial Statements, ("Straddle Pre-Closing Taxes"), calculated as provided in Section 8.01(c) below. Purchaser shall notify Sellers of any amounts due from Sellers in respect of any Straddle Return no later than ten (10) Business Days prior to the date on which such Straddle Return is due, and Sellers shall remit such payment to Purchaser no later than five (5) Business Days prior to the date such Straddle Return is due. Purchaser shall deliver any Straddle Return to the Sellers for their review at least thirty (30) days prior to the date on which such Tax Return is required to be filed. If a Seller disputes any item on such Tax Return, it shall notify Purchaser of such disputed item (or items) and the basis for its objection and Purchaser shall consider such objections in good faith.

(c) In the case of any Taxes of the Company or any Subsidiary that are payable with respect to Straddle Periods, the portion of any such Taxes that are attributable to the portion of the Straddle Period that ends on the Closing Date shall (i) in the case of Taxes that are based upon or related to income or receipts or imposed on a transactional basis be deemed equal to the amount that would be payable if the Tax year or period ended on the Closing Date; and (ii) in the case of other Taxes be allocated pro rata per day between the period ending on the Closing Date and the period beginning after the Closing Date. For

purposes of clause (i) of the preceding sentence, any exemption, deduction, credit or other item that is calculated on an annual basis shall be allocated pro rate per day between the period ending on the Closing Date and the period beginning after the Closing Date. The parties hereto will, to the extent permitted by applicable law, elect with the relevant Tax authority to treat a portion of any Straddle Period as a short taxable period ending as of the close of business on the Closing Date.

8.02 Code §338(h)(10) Election. At Purchaser's request Sellers and Purchaser shall jointly make the election described in Code §338(h)(10) and any corresponding election under applicable state and local tax laws (the "Elections"). Seller and Purchaser agree to report the transactions under this Agreement consistently with these Elections. Purchaser will prepare and file all Tax Returns in connection with the Election ("Code §338 Forms"). Sellers shall promptly execute and deliver to Purchaser all documentation reasonably requested by Purchaser, including the completed Code §338 Forms. Purchaser will compute the adjusted grossed up basis of the assets of the Company (pursuant to applicable Treasury Regulations) and will allocate such basis among the assets in accordance with Section 1.06.

8.03 Tax Indemnification.

(a) After the Closing Date, Sellers shall jointly and severally indemnify and hold harmless the Purchaser, the Company and each Subsidiary from and against any and all Losses resulting from, arising out of or relating to (i) any Taxes of the Company (or any Subsidiary) (except to the extent reflected in or reserved against in the Financial Statements) relating to (x) any periods ending on or before the Closing Date and (y) that portion of any Straddle Period that ends on the Closing Date (calculated as set forth in Section 8.01(c) above) and (ii) without duplication of amounts included in clause (i), without regard to the tax period to which the Tax relates, any Taxes resulting from a breach of the representations in Section 2.13. The indemnity provided in the foregoing sentence shall include, without limitation, any Tax liability arising by reason of the Company or any Subsidiary being severally liable for any Taxes of another person pursuant to Treasury Regulation §1.1502-6 or any analogous state, local or foreign Tax provision, by contract as a

transferee or otherwise and any Tax liability incurred in connection with the transactions contemplated by this Agreement; including, if determined by Purchaser, the making of an election pursuant to Code Section 338(h)(10). Notwithstanding anything to the contrary contained herein, the Sellers shall be required to indemnify the Purchaser for Taxes payable by the Company resulting from a Code Section 338(h)(10) election on the sale to Purchaser of the Company shares only to the extent such Taxes exceed $500,000. Sellers shall be responsible to determine the calculations to be included in the relevant Tax Returns with respect to such Taxes payable by the Company and, in their capacities as officers of the Company, shall execute and file such Tax Returns.

(b) If Purchaser determines to make the Election pursuant to Section 8.02 above, Purchaser shall indemnify and hold harmless Sellers from and against Taxes imposed on Sellers equal to the excess, if any, of (x) income Taxes payable by the Sellers in connection with the transactions contemplated by this Agreement (other than (i) any Taxes payable by the Company in connection with the recognition of any built-in gain that existed at the time the Company converted to S Corporation status, which, for the avoidance of doubt, Sellers are obligated to indemnify the Purchaser against pursuant to Section 8.03(a)), over (y) the income

Taxes Sellers would have paid had the Purchaser not determined to make the Election pursuant to Section 8.02 hereof and Sellers were taxed on the gain realized on the sale of the Shares. Payment by Purchaser to Sellers under this Section 8.03(b) shall be made simultaneously with Sellers' execution of the Elections pursuant to Section 8.02, with subsequent adjustments, if any, based upon amended Tax Returns and/or final determination pursuant to any Tax audit.

8.04 Refunds. Sellers will be entitled to any credits and refunds (including interest received thereon) in respect of any taxable period prior to Closing and that portion of any Straddle Period that ends on the Closing Date and the Company or its Subsidiaries will be entitled to any refunds (including any interest received thereon) in respect of any other federal, state, local or foreign Tax liability of the Company or any of its Subsidiaries. So long as there is no outstanding claim for indemnification pursuant to this Article VIII or Article XI, Purchaser shall cause any refunds allocated to Sellers pursuant to the preceding sentence to be paid to the Sellers promptly following receipt. If there are any outstanding claims against the Sellers for indemnification under Articles VIII or Article XI of this Agreement, Purchaser shall be entitled to hold such refunds in trust pending resolution of the indemnification claim or claims and if such indemnification claim is determined to be owing to Purchaser pursuant to the terms of this Agreement, Purchaser may offset any refund amounts against Sellers' indemnification obligations hereunder.

8.05 Tax Audits and Contests; Cooperation.

(a) After the Closing, Purchaser and Sellers shall promptly notify the other party or parties in writing of any demand, claim or notice of the commencement of an audit received by such party from any Tax authority or any other person with respect to Taxes for which such other party may be liable pursuant to Section 8.03 of this Agreement; provided, however, that a failure to give such notice will not affect such other party's rights to indemnification under Section 8.03, except to the extent that such party's ability to defend has been irreparably prejudiced by such failure. Such notice shall contain factual information (to the extent known) describing the asserted Tax liability and shall include copies of the relevant portion of any notice or other document received from any Tax authority or any other Person in respect of any such asserted Tax liability.

(b) At Sellers' request, Purchaser shall contest any asserted Tax for which Sellers may have an indemnity obligation and shall request any Tax refund to which Sellers shall be entitled. If Sellers first acknowledge their liability to Purchaser with respect to an asserted Tax, and the only Tax that is the subject of such proceeding is a Tax for which Sellers are required to indemnify Purchaser, Sellers shall be entitled to control the conduct, through counsel of its own choosing at its own expense, of any audit, claim for refund, or administrative or judicial proceeding involving any asserted Tax liability or refund with respect to the Company or any Subsidiary (any such audit, claim for refund, or proceeding relating to an asserted Tax liability or Tax refund referred to herein as a "Contest") relating to Taxes for which Sellers have any indemnification obligation pursuant to Section 8.03 or a right to the refund pursuant to Section 8.04. Purchaser shall have the right to control the Contest of any Tax for which Sellers do not have control rights pursuant to the preceding sentence.

(c) Sellers and Purchaser agree to furnish or cause to be furnished to each other, upon request, as promptly as practicable, such information (including access to books and records and the Company's and any Subsidiary's accountants) and assistance relating to the Company and any Subsidiary as is reasonably requested for the filing of any Tax Returns and the preparation, prosecution, defense or conduct of any Contest. Sellers and Purchaser shall reasonably cooperate with each other in the conduct of any Contest or other proceeding involving or otherwise relating to the Company or any Subsidiary with respect to any Tax and each shall execute and deliver such powers of attorney and other documents as are necessary to carry out the intent of this Section 8.05. Any information obtained under this Section 8.05 shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or in the conduct of a Contest or other Tax proceeding.

(d) Each of Purchaser and the Company and its Subsidiaries shall (a) use its commercially reasonable efforts to properly retain and maintain the tax and accounting records of the Company and Subsidiaries that relate to Tax periods for which Sellers may have any indemnification obligations pursuant to Article VIII for six (6) years and shall thereafter provide Sellers with written notice prior to any destruction, abandonment or disposition of all or any portions of such records, (b) transfer such records to Sellers upon their written request prior to any such destruction, abandonment or disposition and (c) allow Sellers and their respective agents and representatives, at times and dates reasonably and mutually acceptable to the parties, to from time to time inspect and review such records as Sellers may deem necessary or appropriate; provided, however, that in all cases, such activities are to be conducted by Sellers during

normal business hours and at the Sellers' sole expense. Any information obtained under this Section 8.05 shall be kept confidential, except as may be otherwise necessary in connection with the filing of Tax Returns or in the conduct of a Contest or other Tax proceedings.

(e) Except with respect to a payment made pursuant to Section 8.03(b), payment by an indemnitor of any amount due to an indemnitee under Section 8.03 of this Agreement shall be made within ten (10) days following written notice by the indemnitee that payment of such amounts to the appropriate Tax authority or other applicable third party is due by the indemnitee, provided that the indemnitor shall not be required to make any payment earlier than five (5) Business Days before it is due to the appropriate Tax authority or applicable third party. In the case of a Tax that is contested in accordance with the provisions of Section 8.05(b) of this Agreement, payment of such contested Tax will not be considered due earlier than the date a "Final Determination" to such effect is made by such Tax authority or a court. For this purpose, a Final Determination shall mean a settlement, compromise, or other agreement with the relevant Tax authority, a deficiency notice with respect to which the period for filing a petition with the Tax court or the relevant state, local or foreign tribunal has expired or a decision of any court of competent jurisdiction that is not subject to appeal or as to which the time for appeal has expired.

8.06 Transfer Taxes. Sellers shall pay all sales, use, transfer, real property transfer, recording, gains, stock transfer and other similar taxes and fees ("Transfer Taxes") arising out of or in connection with the transactions effected pursuant to this Agreement, and shall indemnify, defend, and hold harmless Purchaser, the Company and each Subsidiary on an after-Tax basis with respect to such Transfer Taxes. Sellers shall file all necessary

documentation and Tax Returns with respect to such Transfer Taxes and shall promptly provide Purchaser with copies of such Tax Returns and evidence of the payment of any Transfer Taxes.

8.07 Exclusivity. This Article VIII shall be the sole provision governing indemnities for Taxes under this Agreement and no provision of Article XI (including, without limitation, the limitations set forth in Section 11.02(d)) shall in any way effect the rights of the parties under this Article VIII.

ARTICLE IX

EMPLOYEE BENEFITS MATTERS

9.01 Employee Benefits Matters.

(a) The Purchaser shall, or shall cause its Affiliates to, credit employees of the Company and its Subsidiaries at the Closing ("Company Employees") for purposes of eligibility to participate, vesting and benefit calculation purposes (but not for purposes of benefit accrual under any defined benefit pension plan) such Company Employees' service with the Company and its Subsidiaries under all employee plans, programs or arrangements maintained by Purchaser or its Affiliates for such Company Employees will be eligible after the Closing (each, a "New Plan") to the same extent such service is recognized by the Company and its Subsidiaries immediately prior to the Closing under any Benefit Plan in which such employees participate immediately prior to the Closing (each, an "Old Plan").

(b) Purchaser shall cause the terms of each New Plan to provide that: (i) each Company Employee shall be immediately eligible to participate, without any waiting time, in any and all New Plans to the extent coverage under such New Plan is of the same type as provided under an Old Plan in which such Company Employee participated immediately before the Closing; and (ii) for purposes of each New Plan providing medical, dental, pharmaceutical and/or vision benefits to any Company Employee, the Purchaser shall cause all pre-existing condition exclusions and actively-at-work requirements of such New Plan to be waived for any such employee and his or her covered dependents, unless such conditions would not have been waived under the comparable Old Plan in which such employee participated immediately prior to the Closing and Purchase shall cause any eligible expenses incurred by such employee and his or her covered dependents during the portion of the plan year of the Old Plan ending on the date such employee's participation in the corresponding New Plan begins to be taken into account under such New Plan for purposes of satisfying all deductible, coinsurance and maximum out-of-pocket requirements applicable to such employee and his or her covered dependents for the applicable plan year as if such amounts had been paid in accordance with such New Plan.

ARTICLE X

SURVIVAL OF REPRESENTATIONS, WARRANTIES, COVENANTS AND AGREEMENTS

10.01 Survival of Representations, Warranties, Covenants and Agreements. Notwithstanding any right of Purchaser (whether or not exercised) to investigate the affairs of the Company and the Subsidiaries or any right of any party (whether or not exercised) to investigate the accuracy of the representations and warranties of the other party contained in this Agreement, Sellers and Purchaser have the right to rely fully upon the representations, warranties, covenants and agreements of the other contained in this Agreement. The representations, warranties, covenants and agreements of Sellers and Purchaser contained in this Agreement will survive the Closing (a) indefinitely with respect to (i) the representations and warranties contained in Sections 2.02, 2.04, 2.05 (but only insofar as

it relates to the capital stock of the Subsidiaries), 2.24, 2.33, 3.02 and 3.08 and (ii) the covenants and agreements contained in Sections 1.05, 4.09, 14.03 and 14.05; (b) until sixty (60) days after the expiration of all applicable statutes of limitation (including all periods of extension, whether automatic or permissive) with respect to matters covered by (i) Section 2.13 and Article VIII, (ii) (insofar as they relate to ERISA or the Code) Section 2.16 and Article IX and (iii) Section 2.26; (c) until the second anniversary of the Closing Date in the case of all other representations and warranties and any covenant or agreement to be performed in whole or in part on or prior to the Closing or (d) with respect to each other covenant or agreement contained in this Agreement, until sixty (60) days following the last date on which such covenant or agreement is to be performed or, if no such date is specified, indefinitely; provided that any representation, warranty, covenant or agreement that would otherwise terminate in accordance with clause (b), (c) or (d) above will continue to survive if a Claim Notice or Indemnity Notice (as applicable) shall have been timely given under Article XI on or prior to such termination date, until the related claim for indemnification has been satisfied or otherwise resolved as provided in Article XI.

ARTICLE XI

INDEMNIFICATION

11.01 Tax Treatment of Indemnity Payments. It is the intention of the parties to treat any indemnity payment made under this Agreement as an adjustment to the Purchase Price for all federal, state, local and foreign Tax purposes, and the parties agree to file their Tax Returns accordingly.

11.02 Indemnification.

(a) Subject to paragraph (d) of this Section and the other Sections of this Article XI, Sellers shall jointly and severally indemnify the Purchaser Indemnified Parties in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to (i) any breach of representation or warranty (or resulting from, arising out of or relating to the facts, circumstances or conditions giving rise to, or constituting

or underlying such breach) or (ii) nonfulfillment of or failure to perform any covenant or agreement on the part of Sellers or a Seller contained in this Agreement (determined in all cases as if the terms “material” or “materially” were not included therein).

(b) Subject to the other Sections of this Article XI, Purchaser shall indemnify Sellers Indemnified Parties in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to any breach of representation or warranty or nonfulfillment of or failure to perform any covenant or agreement on the part of Purchaser contained in this Agreement.

(c) Sellers shall jointly and severally indemnify the Purchaser Indemnified Parties in respect of, and hold each of them harmless from and against, any and all Losses suffered, incurred or sustained by any of them or to which any of them becomes subject, resulting from, arising out of or relating to the Sellers’ purchase of shares of the Company from the estate of George E. Batchelor in 2003.

(d) Notwithstanding anything to the contrary contained herein, (A) no amount of indemnity shall be paid in the case of a claim by a Purchaser Indemnified Party under Section 11.02(a)(i) unless and until the aggregate amount of all Losses of the Purchaser Indemnified Parties upon which valid claims are based exceeds $10,000,000 and then Sellers shall only be responsible for indemnification of Losses in excess of $7,500,000 and (B) the amount payable by Sellers for indemnification under this Article XI shall be limited, in the aggregate, to $60,000,000; provided that this paragraph (d) shall not apply to (i) a breach of a representation or warranty contained in Section 2.02, 2.04, 2.11(i), 2.24, 2.26, 2.33, or 2.35, (ii) a breach of a covenant contained in Section 1.05, 14.03 or 14.05 or (iii) any amount payable by Sellers for indemnification under Section 11.02(c).

11.03 Method of Asserting Claims. All claims for indemnification by any Indemnified Party under Section 11.02 will be asserted and resolved as follows:

(a) Unless a different procedure is specified in Article XI, in the case of a Loss for which indemnification is sought hereunder, the Indemnified Party shall promptly deliver an Indemnity Notice to the Indemnifying Party; provided, however, that no failure or delay by the Indemnified Party in the performance of the foregoing shall reduce or otherwise affect the obligation of the Indemnifying Party to indemnify and hold the Indemnified Party harmless, except to the extent the Indemnified Party’s failure to give or delay in giving the required Indemnity Notice impairs the Indemnifying Party’s ability to indemnify or defend or to mitigate its Losses, in which case the Indemnifying Party shall have no obligation to indemnify the Indemnified Party to the extent of Losses, if any, caused by such failure to give or delay in giving the required notice. If such Losses arise out of a claim by a third Person, the Indemnified Party must give the Indemnifying Party a reasonable opportunity to defend the same or prosecute such action to conclusion or settlement satisfactory to the Indemnifying Party (but only with the consent of the Indemnified Party, which consent will not be unreasonably withheld, in the case of any settlement that provides for any relief other than the payment of monetary damages as to which the Indemnified Party will be indemnified in full) at the Indemnifying Party’s sole

cost and expense, and with counsel of its own selection and with the consent of the Indemnified Party, which consent shall not be

unreasonably withheld, and the Indemnifying Party shall pay any resulting settlements (including all associated Losses), satisfy any judgments or comply with any decrees; provided, further, however, that the Indemnified Party shall at all times also have the right fully to participate in the defense at Indemnified Party's sole cost and expense so long as such participation occurs without hindering or impairing the defense of the Indemnifying Party. If the Indemnifying Party shall, within a reasonable time after receipt of an Indemnity Notice, fail to defend, the Indemnified Party shall have the right, but not the obligation, and without waiving any rights against the Indemnifying Party, to undertake the defense of, and with the consent of the Indemnifying Party (such consent not to be withheld unreasonably), to compromise or settle the claim on behalf, for the account, and at the risk and expense, of the Indemnifying Party and shall be entitled to collect the amount of any settlement or judgment or decree and all costs and expenses (including, without limitation, reasonable attorney's fees) in connection therewith from the Indemnifying Party. Except as provided in the preceding sentence, the Indemnified Party shall not compromise or settle any claim without the consent of the Indemnifying Party, which consent shall not be unreasonably withheld.

(b) The amount of any Losses for which indemnification is provided under this Article XI shall be net of any amounts recovered by the Indemnified Party under insurance policies or from unaffiliated third parties with respect to such Losses. If any Indemnified Party shall have received indemnity payments hereunder and subsequently receives insurance payments or payments from an unaffiliated third party that would have reduced the Indemnifying Party's indemnification obligations pursuant to the preceding sentence, such Indemnified Party shall be required to deliver such insurance or third party payments to the applicable Indemnifying Party. In addition, all Losses subject to indemnification hereunder shall be calculated net of any tax benefits which have been actually realized by Purchaser (including those received indirectly as the sole stockholder of the Company) or Sellers as a result thereof and shall be calculated to include any tax imposed on the receipt of the indemnity payment. All indemnity payments due under this Agreement shall be made without withholding of any nature for Taxes except to the extent required by applicable Laws, in which case such indemnity payments shall be "grossed up" so that the net amount received by Purchaser or Sellers, as the case may be, will equal the full amount of indemnity due hereunder.

(c) Following indemnification as provided for hereunder, the Indemnifying Party shall be subrogated to all rights of the Indemnified Party with respect to all Persons relating to the matter for which indemnification has been made.

ARTICLE XII

TERMINATION

12.01 Termination. This Agreement may be terminated, and the transactions contemplated hereby may be abandoned:

(a) at any time before the Closing, by mutual written agreement of Sellers and Purchaser;

(b) at any time before the Closing, by Sellers, on the one hand, or Purchaser, on the other hand, in the event (i) of a material breach hereof by the non-terminating party if such non-terminating party fails to cure such breach within five (5) Business Days following notification thereof by the terminating party or (ii) upon notification of the non-terminating party by the terminating party that the satisfaction of any condition to the terminating party's obligations under this Agreement becomes impossible or impracticable with the use of commercially reasonable efforts if the failure of such condition to be satisfied is not caused by a breach hereof by the terminating party; or

(c) at any time following the later of (i) the 90th day after the date of this Agreement, or (ii) the 60th day after the date of the last request by the Department of Justice or the Federal Trade Commission under the HSR Act, by Sellers, on the one hand, or Purchaser, on the other hand, upon notification of the non-terminating party by the terminating party if the Closing shall not have occurred on or before such date and such failure to consummate is not caused by a breach of this Agreement by the terminating party.

For purposes of this Section 12.01, Sellers shall be considered a single party and a breach by a Seller will constitute a breach by Sellers.

12.02 Effect of Termination. If this Agreement is validly terminated pursuant to Section 12.01, this Agreement will forthwith become null and void, and there will be no liability or obligation on the part of Sellers or Purchaser (or any of their respective officers, directors, employees, agents or other representatives or Affiliates), except as provided in the next succeeding sentence and except that the provisions with respect to expenses in Section 14.03 and confidentiality in Section 14.05 will continue to apply following any such termination. Notwithstanding any other provision in this Agreement to the contrary, upon termination of this Agreement pursuant to Section 12.01(b) or (c), Sellers will remain liable to Purchaser for any willful or grossly negligent breach of this Agreement by Sellers existing at the time of such termination, and Purchaser will remain liable to Sellers for any willful or grossly negligent breach of this Agreement by Purchaser existing at the time of such termination, and Sellers or Purchaser may seek such remedies, including damages and fees of attorneys, against the other with respect to any such breach as are provided in this Agreement or as are otherwise available at Law or in equity.

ARTICLE XIII

13.01 Definitions.

(a) Defined Terms. As used in this Agreement, the following defined terms have the meanings indicated below:

"2005 Relevant Taxable Income" has the meaning ascribed to it in Section 1.04(a).

"2006 Relevant Taxable Income" has the meaning ascribed to it in Section 1.04(b).

"2006 Short Period" has the meaning ascribed to it in Section 1.04(b).

"2006 Short Period Return" has the meaning ascribed to it in Section 1.04(b).

"Acquisition Proposal" means any proposal for (i) a merger or other business combination to which the Company is a party or (ii) the direct or indirect acquisition of any equity interest in, or a substantial portion of the assets of, the Company, other than the transactions contemplated by this Agreement.

"Actions or Proceedings" means any action, suit, proceeding, arbitration or Governmental or Regulatory Authority investigation or audit.

"AeroTurbine Capital" means AeroTurbine Capital Corp., a Florida corporation, all of the outstanding capital stock of which is owned by the Management Sellers.

"Affiliate" means any Person that directly, or indirectly through one of more intermediaries, controls or is controlled by or is under common control with the Person specified and, with respect to an individual, means such individual's immediate family members and the immediate family members of any such individual's immediate family members. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by Contract or otherwise and, in any event and without limitation of the previous sentence, any Person owning ten percent (10%) or more of the voting securities of another Person shall be deemed to control that Person.

"Agreement" means this Stock Purchase Agreement and the Exhibits, the Disclosure Schedule and the Schedules hereto and the certificates delivered in accordance with Sections 6.03 and 7.03, as the same shall be amended from time to time.

"Aircraft Asset Lease" means any lease agreement (and all other agreements, including any side-letters, extension agreements, assignment of warranties and option agreements related to any such lease agreement) in respect of an aircraft or an engine pursuant to which an aircraft or an engine is leased by the Company or any Subsidiaries to any lessee.

"Aircraft-Related Assets" means any aircraft, any engines, any spare parts in respect thereof, and any other assets that are specifically used in connection with the aircraft, the engines or the spare parts.

"Allocation" has the meaning ascribed to it in Section 1.06.

"Alternative Transaction" has the meaning ascribed to it in Section 4.04.

"Assets and Properties" of any Person means all assets and properties of every kind, nature, character and description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and wherever situated), including the goodwill related thereto, operated, owned or leased by such Person, including without limitation cash, cash equivalents, Investment Assets, accounts and notes receivable, chattel paper, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property.

"Audited Financial Statements" means the Financial Statements for the most recent fiscal year of the Company delivered to Purchaser pursuant to Section 2.10.

"Authorized Bank" has the meaning ascribed to it in Section 4.18.

"Benefit Plan" means any Plan established by the Company or any Subsidiary, or any predecessor or Affiliate of any of the foregoing, existing at the Closing Date or within three (3) years prior thereto, to which the Company or any Subsidiary contributes or has contributed, under which any employee, former employee or director of the Company or any Subsidiary or any beneficiary thereof is covered, is eligible for coverage or has benefit rights or with respect to which the Company or any Subsidiary has any actual or contingent liability.

"Books and Records" means all files, documents, instruments, papers, books and records relating to the Business or Condition of the Company, including without limitation financial statements, Tax Returns and related work papers and letters from accountants, budgets, pricing guidelines, ledgers, journals, deeds, title policies, minute books, stock certificates and books, stock transfer ledgers, Contracts, Licenses, customer lists, computer files and programs, retrieval programs, operating data and plans and environmental studies and plans.

"Business Day" means a day other than Saturday, Sunday or any day on which banks located in New York and Florida are authorized or obligated to close.

"Business or Condition of the Company" means the business, condition (financial or otherwise), results of operations, Assets and Properties and prospects of the Company and the Subsidiaries taken as a whole.

"Cash" means cash (including checks received prior to the close of business on the relevant date, whether or not deposited or cleared prior to the close of business on the relevant date), commercial paper, certificates of deposit and other bank deposits, treasury bills and any other cash equivalents.

"Cash Equivalent Investments" has the meaning ascribed to it in Section 4.18.

"Cerberus Entities" has the meaning ascribed to it in the forepart of this Agreement.

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, and the rules and regulations promulgated thereunder.

"Claim Notice" means written notification of a third party claim as to which indemnity under Section 11.02 is sought by an Indemnified Party, enclosing a copy of all papers served, if any, and specifying the nature of and basis for such third party claim and for the Indemnified Party's claim against the Indemnifying Party under Section 11.02, together with the amount or, if not then reasonably determinable, the estimated amount, determined in good faith, of the Loss arising from such third party claim.

"Closing" means the closing of the transactions contemplated by Section 1.03.

"Closing Date" means (a) the fifth Business Day after the day on which the last of the consents, approvals, actions, filings, notices or waiting periods described in or related to the filings described in Sections 6.05 through 6.07 and Section 7.05 has been obtained, made or given or has expired, as applicable, or (b) such other date as Purchaser and Sellers mutually agree upon in writing.

"Closing Purchase Price" has the meaning ascribed to it in Section 1.02.

"Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"Code §338 Forms" has the meaning ascribed to it in Section 8.02.

"Company" has the meaning ascribed to it in the forepart of this Agreement.

"Company Employees" has the meaning ascribed to it in Section 9.01(a).

"Contest" has the meaning ascribed to it in Section 8.05(b).

"Contract" means any agreement, lease, license, evidence of Indebtedness, mortgage, indenture, security agreement or other contract (whether written or oral).

"Defined Benefit Plan" means any Plan that is subject to Part 3 of Title I of ERISA, Section 412 of the Code or Title IV of ERISA.

"Disclosure Schedule" means the record delivered to Purchaser by Sellers herewith and dated as of the date hereof, containing all lists, descriptions, exceptions and other information and materials as are required to be included therein by Sellers pursuant to this Agreement.

"Elections" has the meaning ascribed to it in Section 8.02.

"Employment Agreements" has the meaning ascribed to it in the forepart of this Agreement.

"Enbee" has the meaning ascribed to it in Section 4.16.

"Environmental Law" means any Law or Order relating to the regulation or protection of human health, safety or the environment or to emissions, discharges, Releases or threatened Releases of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes into the environment (including, without limitation, ambient air, soil, surface water, ground water, wetlands, land or subsurface strata), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, chemicals or industrial, toxic or hazardous substances or wastes.

"Environmental Permits" has the meaning ascribed to it in Section 2.26.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any Person who is in the same controlled group of corporations or who is under common control with Sellers or, before the Closing, the Company or any Subsidiary (within the meaning of Section 414 of the Code).

"Final Determination" has the meaning ascribed to it in Section 8.05(e).

"Financial Statements" means the consolidated financial statements of the Company and its consolidated Subsidiaries delivered to Purchaser pursuant to Section 2.10 or 4.06.

"Foreign Tax Credit Benefit" has the meaning ascribed to it in Section 1.04(f).

"GAAP" means generally accepted accounting principles, consistently applied throughout the specified period and in the immediately prior comparable period.

"Governmental or Regulatory Authority" means any court, tribunal, arbitrator, authority, agency, commission, official or other instrumentality of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision.

"Hazardous Material" means (A) any petroleum or petroleum products, radioactive materials, asbestos in any form or condition, urea formaldehyde foam insulation and polychlorinated biphenyls (PCBs); (B) any other chemicals or other materials, substances or wastes which are now or hereafter become defined as or included in the definition of "hazardous substances," "hazardous wastes," "hazardous materials," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants" or words of similar import under any Environmental Law; and (C) any other chemical or other material, substance or waste, exposure to which is now or hereafter prohibited, limited or regulated by any Governmental or Regulatory Authority under any Environmental Law or with respect to which liability or standards of conduct are imposed under an Environmental Law.

"HSR Act" means Section 7A of the Clayton Act (Title II of the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended) and the rules and regulations promulgated thereunder.

"Indebtedness" of any Person means all obligations of such Person (i) for borrowed money, (ii) evidenced by notes, bonds, debentures or similar instruments, (iii) for the deferred purchase price of goods or services (other than trade payables or accruals incurred in the ordinary course of business), (iv) under capital leases and (v) in the nature of guarantees of the obligations described in clauses (i) through (iv) above of any other Person.

"Indemnified Party" means any Person claiming indemnification under any provision of Article XI.

"Indemnifying Party" means any Person against whom a claim for indemnification is being asserted under any provision of Article XI.

"Indemnity Notice" means written notification pursuant to Section 11.03(b) of a claim for indemnity under Article XI by an Indemnified Party, specifying the nature of and basis for such claim, together with the amount or, if not then reasonably determinable, the estimated amount, determined in good faith, of the Loss arising from such claim.

"Intellectual Property" means all patents and patent rights, trademarks and trademark rights, trade names and trade name rights, service marks and service mark rights, service names and service name rights, brand names, inventions, processes, formulae, copyrights and copyright rights, trade dress, business and product names, logos, slogans, trade secrets, industrial models, processes, designs, methodologies, computer programs (including all source codes) and related documentation, technical information, manufacturing, engineering and technical drawings, know-how and all pending applications for and registrations of patents, trademarks, service marks and copyrights.

"Interim Period" has the meaning ascribed to it in Section 1.02.

"Investment Account" has the meaning ascribed to it in Section 4.18.

"Investment Assets" means all debentures, notes and other evidences of Indebtedness, stocks, securities (including rights to purchase and securities convertible into or exchangeable for other securities), interests in joint ventures and general and limited partnerships, mortgage loans and other investment or portfolio assets owned of record or beneficially by the Company or any Subsidiary and issued by any Person other than the Company or any Subsidiary (other than trade receivables generated in the ordinary course of business of the Company and the Subsidiaries).

"IRS" means the United States Internal Revenue Service.

"Knowledge of Sellers" or "Known to Sellers" means the knowledge of any Seller.

"Laws" means all laws, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental or Regulatory Authority.

"Liabilities" means all Indebtedness, obligations and other liabilities of a Person (whether absolute, accrued, contingent, fixed or otherwise, or whether due or to become due and whether known or unkown).

"Licenses" means all licenses, permits, certificates of authority, authorizations, approvals, registrations, franchises and similar consents granted or issued by any Governmental or Regulatory Authority.

"Liens" means any mortgage, pledge, assessment, security interest, lease, lien, adverse claim, levy, charge or other encumbrance of any kind, or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"Loss" means any and all direct or indirect damages, fines, fees, penalties, deficiencies, losses and expenses (including without limitation interest, court costs, fees of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment) and shall include any decrease in the value of the Shares due to a Loss suffered by or in the Company or any Subsidiary to the Purchaser.

"Material Adverse Effect" means any circumstance, change in or effect on the Company or any Subsidiary that, individually or in the aggregate with all other circumstances, changes in or effects on the Company or any Subsidiary, is or is reasonably likely to be materially adverse to the business, operations, assets or liabilities (including, without limitation, contingent liabilities), customer or supplier relationships, results of operations or the condition (financial or otherwise) of the Company and the Subsidiaries taken as a whole; provided, however, that "Material Adverse Effect" shall not include any event, circumstance, change or effect arising out of or attributable to general economic conditions or events, circumstances, changes or effects affecting the securities markets generally or the industry in which the Company operates.

"New Plan" has the meaning ascribed to it in Section 9.01(a).

"New Real Estate Lease" has the meaning ascribed to it in Section 4.16.

"Non-Competition Agreement" has the meaning ascribed to it in the forepart of this Agreement.

"NPL" means the National Priorities List under CERCLA.

"Obligor" has the meaning ascribed to it in Section 2.21.

"Old Plan" has the meaning ascribed to it in Section 9.01(a).

"Operative Agreements" means the Shareholder Equity Agreements, Non-Competition Agreement and any support or other agreements to be entered into in connection with the transaction.

"Option" with respect to any Person means any security, right, subscription, warrant, option, "phantom" stock right or other Contract that gives the right to (i) purchase or otherwise receive or be issued any shares of capital stock of such Person or any security of any kind convertible into or exchangeable or exercisable for any shares of capital stock of such Person or (ii) receive or exercise any benefits or rights similar to any rights enjoyed by or accruing to the holder of shares of capital stock of such Person, including any rights to participate in the equity or income of such Person or to participate in or direct the election of any directors or officers of such Person or the manner in which any shares of capital stock of such Person are voted.

"Order" means any writ, judgment, decree, injunction or similar order of any Governmental or Regulatory Authority (in each such case whether preliminary or final).

"Parent" has the meaning ascribed to it in the forepart of this Agreement.

"PCBs" has the meaning ascribed to it in Section 2.26.

"PBGC" means the Pension Benefit Guaranty Corporation established under ERISA.

"Pension Benefit Plan" means each Benefit Plan which is a pension benefit plan within the meaning of Section 3(2) of ERISA.

"Permitted Lien" means (i) any Lien for Taxes, assessments and governmental charges not yet due or delinquent or being contested in good faith by appropriate proceedings for which adequate reserves have been established in accordance with GAAP, (ii) any Lien arising in the ordinary course of business by operation of Law with respect to a Liability that is not yet due or delinquent, (iii) any minor imperfection of title or similar Lien which individually or in the aggregate with other such Liens does not materially impair the value of the property subject to such Lien or the use of such property in the conduct of the business of the Company or any Subsidiary,

and (iv) Liens and deposits incurred in the ordinary course to secure obligations under workers' compensation Laws or similar legislation or other Liens required by Law to secure public or statutory obligations.

"Person" means any natural person, corporation, limited liability company, general partnership, limited partnership, proprietorship, other business organization, trust, union, association or Governmental or Regulatory Authority.

"Plan" means any bonus, incentive compensation, deferred compensation, change in control, retention, pension, profit sharing, retirement, stock purchase, stock option, stock ownership, stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workmen's compensation or other insurance, severance, separation or other employee benefit plan, practice,

policy or arrangement of any kind, whether written or oral, including, but not limited to, any "employee benefit plan" within the meaning of Section 3(3) of ERISA.

"Pre-Signing Dividend Amount" has the meaning ascribed to it in Section 1.04(c).

"Purchase Price" has the meaning ascribed to it in Section 1.02.

"Purchaser" has the meaning ascribed to it in the forepart of this Agreement.

"Purchaser Indemnified Parties" means Purchaser and its officers, directors, employees, agents and Affiliates (including the Company).

"Qualified Plan" means each Benefit Plan which is intended to qualify under Section 401 of the Code.

"Release(s)" means any release, spill, emission, leaking, pumping, injection, deposit, disposal, discharge, dispersal, leaching or migration into the indoor or outdoor environment, including, without limitation, the movement of Hazardous Materials through ambient air, soil, surface water, ground water, wetlands, land or subsurface strata.

"Representatives" has the meaning ascribed to it in Section 4.03.

"Restricted Shares Purchase Agreement" has the meaning ascribed to it in the forepart of this Agreement.

"Scheduled Payments" has the meaning ascribed to it in Section 2.21.

"Seller" and "Sellers" has the meaning ascribed to it in the forepart of this Agreement.

"Sellers Indemnified Parties" means Sellers and its officers, directors, employees, agents and Affiliates.

"Shareholder Equity Agreements" has the meaning ascribed to it in the forepart of this Agreement.

"Share Purchase Price" has the meaning ascribed to it in Section 1.06.

"Shares" has the meaning ascribed to it in the forepart of this Agreement.

"Stockholders Agreement" has the meaning ascribed to it in the forepart of this Agreement.

"Straddle Periods" has the meaning ascribed to it in Section 8.01(b).

"Straddle Pre-Closing Taxes" has the meaning ascribed to it in Section 8.01(b).

"Straddle Returns" has the meaning ascribed to it in Section 8.01(b).

"Subsidiary" means any Person in which the Company, directly or indirectly through Subsidiaries or otherwise, beneficially owns more than fifty percent (50%) of either the equity interests in, or the voting control of, such Person. For purposes of representations and warranties under this Agreement, AeroTurbine Capital shall be deemed to be a Subsidiary of the Company.

"Tax Returns" means any return, declaration, report, claim for refund, or information return or statement relating to Taxes, including any schedule or attachment thereto, and including any amendment thereof, including, where permitted or required, combined or consolidated returns for any group of entities that include the Company or any Subsidiary.

"Taxes" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Code §59A), customs duties, capital stock, franchise, profits, withholding (including on non-resident shareholders of S corporations), social security (or similar), unemployment,

disability, real property, personal property, sales, use, transfer, registration, value added, alternative or add-on minimum, estimated, unclaimed property or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not and any expenses incurred in connection with the determination, settlement or litigation of any Tax liability.

"Transfer Taxes" has the meaning ascribed to it in Section 8.06.

"Unaudited Financial Statement Date" means the last day of the most recent fiscal quarter of the Company for which Financial Statements are delivered to Purchaser pursuant to Section 2.10.

"Unaudited Financial Statements" means the Financial Statements for the most recent fiscal quarter of the Company delivered to Purchaser pursuant to Section 2.10.

(b) Construction of Certain Terms and Phrases. Unless the context of this Agreement otherwise requires, (i) words of any gender include each other gender; (ii) words using the singular or plural number also include the plural or singular number, respectively; (iii) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement; (iv) the terms "Article" or "Section" refer to the specified Article or Section of this Agreement; and (v) the phrases "ordinary course of business" and "ordinary course of business consistent with past practice" refer to the business and practice of the Company or a Subsidiary. Whenever this Agreement refers to a number of days, such number shall refer to calendar days unless Business Days are specified. All accounting terms used herein and not expressly defined herein shall have the meanings given to them under GAAP.

ARTICLE XIV

MISCELLANEOUS

14.01 Notices. All notices, requests and other communications hereunder must be in writing and will be deemed to have been duly given only if delivered personally or by

facsimile transmission or mailed (first class postage prepaid) to the parties at the following addresses or facsimile numbers:

If to Purchaser, to:

AerCap, Inc.
100 N.E. Third Avenue, Suite 800
Ft. Lauderdale, Florida, 33301, USA
Facsimile No.: (954) 760-7716

with a copy to:

AerCap, B.V.
Evert van de Beekstraat 312
1118 CX SCHIPHOL Airport
The Netherlands

and

Cerberus Capital Management, L.P.
299 Park Avenue
New York, New York 10171
Attn: Robert G. Warden

Milbank, Tweed, Hadley and McCloy LLP
1 Chase Manhattan Plaza
New York, New York 10005
Facsimile No.: (212) 822-5171
Attn: Alexander M. Kaye, Esq.

If to Sellers, to:

Mr. Nicolas Finazzo, Mrs. Rose Ann Finazzo or Mr. Robert B. Nichols
AeroTurbine, Inc.
2323 N.W. 82nd Avenue
Miami, Florida 33122-1512
Facsimile No.: (305) 406-3065

with a copy to:

Stearns Weaver Miller Weissler Alhadeff & Sitterson, P.A.
150 West Flagler Street, Suite 2200

Miami, Florida 33130
Facsimile No.: (305) 789-3395
Attn: Stuart D. Ames, Esq.

All such notices, requests and other communications will (i) if delivered personally to the address as provided in this Section, be deemed given upon delivery, (ii) if delivered by facsimile

transmission to the facsimile number as provided in this Section, be deemed given upon receipt, and (iii) if delivered by mail in the manner described above to the address as provided in this Section, be deemed given upon receipt (in each case regardless of whether such notice, request or other communication is received by any other Person to whom a copy of such notice, request or other communication is to be delivered pursuant to this Section). Any party from time to time may change its address, facsimile number or other information for the purpose of notices to that party by giving notice specifying such change to the other party hereto.

14.02 Entire Agreement. This Agreement and the Operative Agreements supersede all prior discussions and agreements between the parties with respect to the subject matter hereof and thereof, including without limitation that certain letter of intent between AerCap, B.V., Nicolas Finazzo and Robert B. Nichols dated as of November 24, 2005 and confidentiality agreement between AerCap, B.V. and Wachovia Capital Markets, LLC dated September 2, 2005, and contain the sole and entire agreement between the parties hereto with respect to the subject matter hereof and thereof.

14.03 Expenses. Except as otherwise expressly provided in this Agreement (including without limitation as provided in Section 12.02), whether or not the transactions contemplated hereby are consummated, each party will pay its own costs and expenses, and Sellers shall pay the costs and expenses of the Company and the Subsidiaries, incurred in connection with the negotiation, execution and closing of this Agreement and the Operative Agreements and the transactions contemplated hereby and thereby. Notwithstanding the foregoing, Purchaser shall pay the entire filing fee for the Premerger Notification and Report Form under the HSR Act.

14.04 Public Announcements. At all times at or before the Closing, Sellers and Purchaser will not, and Sellers will not permit the Company to, issue or make any reports, statements or releases to the public or generally to the employees, customers, suppliers or other Persons to whom the Company and the Subsidiaries sell goods or provide services or with whom the Company and the Subsidiaries otherwise have significant business relationships with respect to this Agreement or the transactions contemplated hereby without the consent of the other, which consent shall not be unreasonably withheld. If either party is unable to obtain the approval of its public report, statement or release from the other party and such report, statement or release is, in the opinion of legal counsel to such party, required by Law in order to discharge such party's disclosure obligations, then such party may make or issue the legally required report, statement or release and promptly furnish the other party with a copy thereof. Sellers and Purchaser will also obtain the other party's prior approval of any press release to be issued immediately following the Closing announcing the consummation of the transactions contemplated by this Agreement. Without limiting the generality of the foregoing, none of the parties to this Agreement or the Company shall make any public disclosure of the Purchase Price or the Closing Purchase Price without the prior written consent of the other parties hereto unless such disclosure is required by applicable Laws and then only to the extent so required. If any Affiliate of Purchaser or Parent makes any disclosure which Purchaser is not permitted to make hereunder, Purchaser shall be deemed to have breached the covenant contained in this Section.

14.05 Confidentiality. Each party hereto will hold, and will use its best efforts to cause its Affiliates, and their respective Representatives to hold, in strict confidence from any

Person (other than any such Affiliate or Representative) all documents and information provided to such party by another party to this Agreement or such other party's Representatives, unless (i) compelled to disclose by judicial or administrative process (including without limitation in connection with obtaining the necessary approvals of this Agreement and the transactions contemplated hereby of Governmental or Regulatory Authorities) or by other requirements of Law or (ii) disclosed in an Action or Proceeding brought by a party hereto in pursuit of its rights or in the exercise of its remedies hereunder, all documents and information concerning the other party or any of its Affiliates furnished to it by the other party or such other party's Representatives in connection with this Agreement or the transactions contemplated hereby, except to the extent that such documents or information can be shown to have been (a) previously known by the party receiving such documents or information, (b) in the public domain (either prior to or after the furnishing of such documents or information hereunder) through no fault of such receiving party or (c) later acquired by the receiving party from another source if the receiving party is not aware that such source is under an obligation to another party hereto to keep such documents and information confidential; provided that following the Closing the foregoing restrictions will not apply to Purchaser's use of documents and information concerning the Company and the Subsidiaries furnished by Sellers hereunder. In the event the transactions contemplated hereby are not consummated, upon the request of the other party, each party hereto will, and will cause its Affiliates, any Person who has provided, or who is considering providing, financing to such party and their respective Representatives to, promptly (and in no event later than five (5) Business Days after such request) redeliver or cause to be redelivered all copies of documents and information furnished by the other party in connection with this Agreement or the transactions contemplated hereby and destroy or cause to be destroyed all notes, memoranda, summaries, analyses, compilations and other writings related thereto or based thereon prepared by the party furnished such documents and information or its Representatives.

14.06 Waiver. Any term or condition of this Agreement may be waived at any time by the party that is entitled to the benefit thereof, but no such waiver shall be effective unless set forth in a written instrument duly executed by or on behalf of the party

waiving such term or condition. No waiver by any party of any term or condition of this Agreement, in any one or more instances, shall be deemed to be or construed as a waiver of the same or any other term or condition of this Agreement on any future occasion. All remedies, either under this Agreement or by Law or otherwise afforded, will be cumulative and not alternative.

14.07 Amendment. This Agreement may be amended, supplemented or modified only by a written instrument duly executed by or on behalf of each party hereto.

14.08 No Third Party Beneficiary. The terms and provisions of this Agreement are intended solely for the benefit of each party hereto and their respective successors or permitted assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other Person other than any Person entitled to indemnity under Article XI.

14.09 No Assignment; Binding Effect. Neither this Agreement nor any right, interest or obligation hereunder may be assigned by any party hereto without the prior written consent of the other party hereto and any attempt to do so will be void, except (a) for assignments and transfers by operation of Law and (b) that Purchaser may assign this Agreement

or any or all of its rights, interests and obligations hereunder (including without limitation its rights under Article XI) to (i) a wholly-owned subsidiary, provided that any such subsidiary agrees in writing to be bound by all of the terms, conditions and provisions contained herein, (ii) any post-Closing purchaser of all of the issued and outstanding stock of the Company or a substantial part of its assets or (iii) any financial institution providing purchase money or other financing to Purchaser or the Company from time to time as collateral security for such financing, but no such assignment referred to in clause (i) or (ii) shall relieve Purchaser of its obligations hereunder. Subject to the preceding sentence, this Agreement is binding upon, inures to the benefit of and is enforceable by the parties hereto and their respective successors and assigns.

14.10 Headings. The headings used in this Agreement have been inserted for convenience of reference only and do not define or limit the provisions hereof.

14.11 Consent to Jurisdiction. Each party hereby irrevocably submits to the exclusive jurisdiction of any federal court located in the Borough of Manhattan in the City and State of New York or any New York state court located in the Borough of Manhattan in the City of New York in any such action, suit or proceeding arising out of or relating to this Agreement or any of the Operative Agreements or any of the transactions contemplated hereby or thereby, and agrees that any such action, suit or proceeding shall be brought only in such court, provided, however, that such consent to jurisdiction is solely for the purpose referred to in this Section 14.11 and shall not be deemed to be a general submission to the jurisdiction of said courts or in the State of New York other than for such purpose. Each party hereby irrevocably waives, to the fullest extent permitted by Law, (i) trial by jury and (ii) any objection that it may now or hereafter have to the laying of the venue of any such action, suit or proceeding brought in such a court and any claim that any such action, suit or proceeding brought in such a court has been brought in an inconvenient forum.

14.12 Invalid Provisions. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future Law, and if the rights or obligations of any party hereto under this Agreement will not be materially and adversely affected thereby, (a) such provision will be fully severable, (b) this Agreement will be construed and enforced as if such illegal, invalid or unenforceable provision had never comprised a part hereof, and (c) the remaining provisions of this Agreement will remain in full force and effect and will not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom.

14.13 Governing Law. This Agreement shall be governed by and construed in accordance with the Laws of the State of New York applicable to a Contract executed and performed in such State, without giving effect to the conflicts of laws principles thereof.

14.14 Counterparts. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument.

[Signatures are on the next page]

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officer of each party hereto as of the date first above written.

AERCAP, INC.

By: /s/ Laura B. Showalter
Name: Laura B. Showalter
Title: Secretary

/s/ Nicolas Finazzo

NICOLAS FINAZZO

/s/ Rose Ann Finazzo
ROSE ANN FINAZZO

/s/ Robert B. Nichols
ROBERT B. NICHOLS

AERCAP, B.V.

AerCap, B.V. hereby guarantees the due and punctual performance and discharge of all of Purchaser's obligations under this Agreement.

By: /s/ Israel Padron
Name: Israel Padron
Title: Authorized Signatory

By: /s/ Wouter M. den Dikken
Name: Wouter M. den Dikken
Title: Authorized Signatory

Exhibit 10.10

Execution version

Dated 23 April 2003

THE BANKS AND FINANCIAL INSTITUTIONS NAMED HEREIN (1)
as ECA Lenders
THE BANKS AND FINANCIAL INSTITUTIONS NAMED HEREIN (2)
as Mismatch Lenders
CREDIT LYONNAIS (3)
and
KREDITANSTALT FÜR WIEDERAUFBAU (4)
as National Agents
KREDITANSTALT FÜR WIEDERAUFBAU (5)
as German Parallel Lender
CREDIT LYONNAIS (6)
as ECA Agent
CREDIT LYONNAIS (7)
as Mismatch Agent
CREDIT LYONNAIS (8)
as Security Trustee
SUNRISE LEASING LIMITED (9)
as Principal Borrower
SUNDANCE LEASING LIMITED (10)
as First Aircraft Borrower
SUNRAY LEASING LIMITED (11)
as Second Aircraft Borrower
SUNSHINE LEASING LIMITED (12)
as Third Aircraft Borrower
SUNGLOW LEASING LIMITED (13)
as Fourth Aircraft Borrower
SUNFLOWER AIRCRAFT LEASING LIMITED (14)
as Principal Irish Lessee
DEBIS AIRCRAFT LEASING XXX B.V. (15)
as Principal Dutch Lessee
and
DEBIS AIRFINANCE B.V. (16)

FACILITY AGREEMENT
in respect of up to twenty (20) Airbus Aircraft

NORTON ROSE

Contents

THIS FACILITY AGREEMENT is made on 23 April 2003 as a deed

BETWEEN:

(1) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part I of schedule 2 as British Lenders;

(2) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part II of schedule 2 as French Lenders;

(3) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part III of schedule 2 as the German banking syndicate;

(4) **KREDITANSTALT FÜR WIEDERAUFBAU** a public corporation established under the laws of Germany and having its principal place of business at Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Federal Republic of Germany as German Parallel Lender;

(5) **THE BANKS AND FINANCIAL INSTITUTIONS** listed in Part IV of schedule 2 as Mismatch Lenders;

(6) **CRÉDIT LYONNAIS** a banking institution established under the laws of France acting through its office in England at Broadwalk House, 5 Appold Street, London EC2A 2JP, England, in its capacity as national agent of the British Lenders;

(7) **CRÉDIT LYONNAIS** a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, in its capacity as national agent of the French Lenders;

(8) **KREDITANSTALT FÜR WIEDERAUFBAU** a public corporation established under the laws of Germany and having its principal place of business at Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Federal Republic of Germany, in its capacity as national agent of the German Lenders;

(9) **CRÉDIT LYONNAIS** a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, in its capacity as agent of the ECA Lenders;

(10) **CRÉDIT LYONNAIS** a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, in its capacity as agent of the Mismatch Lenders;

(11) **CRÉDIT LYONNAIS**, a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, in its capacity as security trustee for and on behalf of the Secured Parties;

(12) **SUNRISE LEASING LIMITED**, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands as Principal Borrower;

(13) **SUNDANCE LEASING LIMITED**, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands as First Aircraft Borrower;

(14) **SUNRAY LEASING LIMITED**, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands as Second Aircraft Borrower;

(15) **SUNSHINE LEASING LIMITED**, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands as Third Aircraft Borrower;

(16) **SUNGLOW LEASING LIMITED,** a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, P.O. Box 908GT, George Town, Grand Cayman, Cayman Islands as Fourth Aircraft Borrower;

(17) **SUNFLOWER AIRCRAFT LEASING LIMITED**, a company incorporated under the laws of Ireland and having its registered office at debis AirFinance House, Shannon, Co. Clare, Ireland as Principal Irish Lessee;

(18) **DEBIS AIRCRAFT LEASING XXX B.V.**, a company incorporated under the laws of the Netherlands and having its registered office at Evert van Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, the Netherlands as Principal Dutch Lessee; and

(19) **DEBIS AIRFINANCE B.V.**, a company organised and existing under the laws of the Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands.

IT IS AGREED as follows:

1 Definitions

In this Agreement (including schedules), except where the context otherwise requires or there is express provision to the contrary, words and expressions set out in schedule 1 shall have the meanings ascribed thereto. The rules of interpretation set out in schedule 1 are also applicable to this Agreement.

2 Availability - - ECA Facility

2.1 ECA Facility

Subject to the terms and conditions of this Agreement and in reliance on the representations and warranties of the Principal Lessees and the Initial Borrowers set out in clause 6, the ECA Lenders hereby grant and undertake to make available to the Borrowers a loan facility in the principal amount of up to the ECA Facility Amount as ECA Loans.

2.2 ECA Availability Period

2.2.1 The ECA Facility shall be available for drawdown at any time during the ECA Availability Period on the terms and subject to the conditions of this Agreement.

2.2.2 It is currently contemplated that each of the Aircraft will be delivered during the Scheduled Delivery Month for that Aircraft and accordingly debis shall, as soon as reasonably practicable following receipt of notice from or agreement with the Manufacturer of a change to the Scheduled Delivery Month for an Aircraft, notify the ECA Agent of that change. Upon receipt by the ECA Agent of that notice and provided that the new scheduled delivery month falls (a) no later than six (6) months after the original Scheduled Delivery Month for the relevant Aircraft specified in Part 1 of schedule 3, and (b) within the ECA Availability Period, the Scheduled Delivery Month for that Aircraft shall be amended accordingly. If either (a) or (b) does not apply, then, unless the ECA Agent and the Mismatch Agent otherwise agree, that Aircraft shall thereupon cease to be an Aircraft under and for the purposes of this Agreement and the ECA Commitments for that Aircraft and the Mismatch Commitments for that Aircraft shall each be reduced to zero.

2.3 Number and composition of ECA Loans

2.3.1 The ECA Facility shall be available as up to twenty (20) ECA Loans, constituting one ECA Loan for each Aircraft.

2.3.2 The maximum amount of the ECA Loan for each Aircraft shall be the Maximum ECA Amount for that Aircraft or, if that ECA Loan is denominated in Euro, the Euro Equivalent thereof.

2.3.3 Subject to the terms and conditions of this Agreement and the ECA Loan Agreement for that ECA Loan, the British Lenders, the French Lenders and the German Lenders shall participate in an ECA Loan for an Aircraft through their respective Lending Offices as follows:

(a) the British Lenders - (i) the British ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (a) of the definition thereof for that ECA Loan;

(b) the French Lenders - (i) the French ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (b) of the definition thereof for that ECA Loan; and

(c) the German Lenders - (i) the German ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (c) of the definition thereof for that ECA Loan.

2.3.4 Subject to the terms and conditions of this Agreement and the ECA Loan Agreement for that ECA Loan, each ECA Lender for an Aircraft shall participate in an ECA Loan for an Aircraft through its Lending Office in an amount equal to its ECA Commitment for that Aircraft.

2.3.5 To the extent that, pursuant to the Transaction Documents, the ECA Commitments for an Aircraft, the Mismatch Commitments for an Aircraft, the Unutilised Mismatch Facility for an Aircraft and/or the Unutilised ECA Facility are from time to time reduced:

(a) The Maximum ECA Amount for an Aircraft shall from time to time be reduced by an amount equal to all reductions in the ECA Commitments for that Aircraft.

(b) The Maximum Mismatch Amount for an Aircraft and the Unutilised Mismatch Facility for an Aircraft shall from time to time be reduced by an amount equal to all reductions in the Mismatch Commitments and/or the Unutilised Mismatch Facility, in each case, for that Aircraft.

(c) The ECA Facility Amount shall from time to time be reduced by an amount equal to all reductions in the ECA Commitments for any Aircraft and/or the Unutilised ECA Facility (but without double counting).

(d) The Mismatch Facility Amount shall from time to time be reduced by an amount equal to all reductions in the Mismatch Commitments for any Aircraft and/or the Unutilised Mismatch Facility for any Aircraft (but without double counting).

(e) The Unutilised ECA Facility shall from time to time be reduced by an amount equal to all reductions in the ECA Commitments for any Aircraft.

2.3.6 If the ECA Commitments for an Aircraft are at any time cancelled or otherwise reduced to zero pursuant to the Transaction Documents, the Mismatch Commitments for that Aircraft shall, simultaneously therewith, be cancelled and reduced to zero.

2.3.7 Notwithstanding anything herein or in any other Transaction Document to the contrary, the maximum aggregate amounts to be advanced as ECA Loans by the British Lenders, the French Lenders and the German Lenders shall be as follows:

(a) the British Lenders - two hundred million Dollars ($200,000,000);

(b) the French Lenders - three hundred and eighty five million Dollars ($385,000,000);

(c) the German Lenders - two hundred and seventy five million Dollars ($275,000,000),

and the foregoing provisions of this clause 2.3 shall be construed accordingly.

2.4 Cancellation of the ECA Facility

Upon the expiry of the ECA Availability Period, the Unutilised ECA Facility (if any) then remaining shall be cancelled.

2.5 Currency

Each ECA Loan may be drawn down either wholly in Dollars or wholly in Euro at the option of debis, as notified by debis to the ECA Agent in the relevant ECA Utilisation Notice.

2.6 Terms and conditions

Each ECA Loan shall be documented by an ECA Loan Agreement.

2.7 Several obligations

2.7.1 The obligations of each ECA Lender to make its ECA Commitment or any part thereof available and to perform its obligations under this Agreement and the other Transaction Documents are several and not joint. The failure of any ECA Lender to perform its obligations under this Agreement or any other Transaction Document shall not result in any of the other ECA Finance Parties assuming any additional obligation or liability whatsoever.

2.7.2 Nothing contained in any Transaction Document shall constitute a partnership, association, joint venture or other entity between

any two or more of the ECA Finance Parties.

2.8 Repayment schedules

2.8.1 Each ECA Loan shall be repaid on a quarterly instalment basis, one on each ECA Repayment Date for that ECA Loan, in the amounts specified in schedule 1 to the ECA Loan Agreement for that ECA Loan, with the final repayment being due on the Final ECA Repayment Date for that ECA Loan.

2.8.2 The amounts of the repayment instalments shown in schedule 1 to the ECA Loan Agreement for an ECA Loan shall be calculated on a "mortgage style" basis applying the Relevant Rate plus the ECA Margin for that ECA Loan.

2.9 ECA Premium

Each Obligor hereby expressly agrees and acknowledges that the ECA Premium for an ECA Loan is payable to the Export Credit Agencies respectively in full, as a condition to, and prior to, the issue by them of the Support Agreements for that ECA Loan and is not refundable in whole or in part in any circumstances or for any reason whatsoever except, in relation to a particular Export Credit Agency and the corresponding component of the ECA Premium, if that Export Credit Agency does not issue its Support Agreement for that ECA Loan. The Borrower in relation to an Aircraft agrees with the Lessee of that Aircraft that it will pay the ECA Premium for the ECA Loan for that Aircraft to the National Agents respectively as soon as reasonably practicable following the receipt by that Borrower of the full amount of the Initial Rent under (and as defined in) the Lease for that Aircraft.

3 Availability - - Mismatch Facility

3.1 Mismatch Facility

Subject to the terms and conditions of this Agreement (including without limitation clause 3.10) and in reliance on the representations and warranties of the Principal Lessees and the Initial Borrowers set out in clause 6, the Mismatch Lenders hereby grant and undertake to make available to the Borrowers a mismatch loan facility in the principal amount of up to the Mismatch Facility Amount as Mismatch Loans.

3.2 Mismatch Availability Period

The Mismatch Facility shall be available for an Aircraft during the Mismatch Commitment Period for that Aircraft, for drawdown at any time during the Mismatch Availability Period for that Aircraft, on the terms and subject to the conditions of this Agreement.

3.3 Number and composition of Mismatch Advances

3.3.1 The Mismatch Facility shall be available in connection with each Aircraft, other than where the ECA Loan for that Aircraft is denominated in Euro, and the Mismatch Facility for an Aircraft shall be available by the advance of one (1) Mismatch Advance on or in respect of each ECA Repayment Date for the ECA Loan for that Aircraft or, in the case of the 2003 Aircraft, each ECA Repayment Date for the ECA Loan for that Aircraft which falls on or after the First Mismatch Advance Date for that Mismatch Loan.

3.3.2 The maximum amount of the Mismatch Loan for an Aircraft shall be the Maximum Mismatch Amount for that Aircraft.

3.3.3 Subject to the terms and conditions of this Agreement and the Mismatch Loan Agreement for that Mismatch Loan, each Mismatch Lender shall participate in a Mismatch Loan for an Aircraft through its Lending Office in its Mismatch Portion for that Aircraft.

3.4 Cancellation of the Mismatch Facility

3.4.1 Upon the expiry of the Mismatch Availability Period in respect of an Aircraft, the Unutilised Mismatch Facility for that Aircraft and all of the Mismatch Commitments for that Aircraft then remaining (if any) shall be cancelled.

3.4.2 If, in respect of an Aircraft:

(a) an ECA Loan has not been made prior to the expiry of the ECA Availability Period, with immediate effect from the expiry of the ECA Availability Period; or

(b) the Mismatch Facility for that Aircraft is not utilised by the time at which the ECA Loan for that Aircraft is drawn down or, with respect to the 2003 Aircraft only, within twelve (12) months thereafter;

(c) an ECA Loan is denominated in Euro, with effect from the drawdown of that ECA Loan,

the Unutilised Mismatch Facility for that Aircraft and all of the Mismatch Commitments for that Aircraft then remaining (if any) shall be cancelled.

3.4.3 The Borrowers may, by not less than ten (10) Banking Days notice from debis to the Mismatch Agent, elect to cancel the

Unutilised Mismatch Facility for an Aircraft and the Mismatch Commitments for that Aircraft in whole or in part on any date (being the date specified in that notice). In the event of a partial cancellation, the Mismatch Commitments for that Aircraft of each Mismatch Lender for that Aircraft shall be cancelled in accordance with the respective Mismatch Portions for that Aircraft of those Mismatch Lenders.

3.4.4 The relevant Borrower shall be entitled, under the terms of the Mismatch Loan Agreement for an Aircraft, to prepay in part as well as in full the Mismatch Loan for that Aircraft.

3.5 Currency

The Mismatch Advances shall be made available wholly in Dollars.

3.6 Terms and conditions

Each Mismatch Loan shall be documented in a Mismatch Loan Agreement.

3.7 Several obligations

3.7.1 The obligations of each Mismatch Lender to make its Mismatch Commitment or any part thereof available and to perform its obligations under this Agreement and the other Transaction Documents are several and not joint. The failure of any Mismatch Lender to perform its obligations under this Agreement or any other Transaction Documents shall not result in any of the other Mismatch Finance Parties assuming any additional obligation or liability whatsoever.

3.7.2 Nothing contained in any Transaction Document shall constitute a partnership, association, joint venture or other entity between any two or more of the Mismatch Finance Parties.

3.8 Repayments

The Mismatch Loan for an Aircraft shall be repaid in one (1) instalment on the Final ECA Repayment Date in respect of the ECA Loan for that Aircraft (subject always to the relevant Borrower's voluntary prepayment rights under the relevant Mismatch Loan Agreement).

3.9 Commitment commission

In respect of each Aircraft, the Principal Borrower shall pay in arrears to the Mismatch Agent (for the account of each Mismatch Lender for that Aircraft according to its Mismatch Commitment for that Aircraft), on each Reference Date falling during the Mismatch Commitment Period for that Aircraft and prior to the ECA Drawdown Date for that Aircraft, on the ECA Drawdown Date for that Aircraft, on each ECA Repayment Date for that Aircraft falling prior to the last day of the Mismatch Commitment Period for that Aircraft and on the last day of that Mismatch Commitment Period, commitment commission computed from the first day of that Mismatch Commitment Period on the daily amount of the Unutilised Mismatch Facility for that Aircraft at the rate which is zero point two five per cent. (0.25%) per annum. The commitment commission referred to in this clause 3.9 shall be payable by the Principal Borrower whether or not any Mismatch Advance for the relevant Aircraft is ever made.

3.10 Mismatch Commitment Period

3.10.1 debis and each of the other Obligors hereby acknowledge and agree that, as at the Signing Date, no Mismatch Lender has committed to provide, nor has any Mismatch Lender obtained internal credit approvals in respect of, any Mismatch Loan and, accordingly, no Mismatch Lender has any obligations and/or liabilities in respect thereof or otherwise under this Agreement or any other Transaction Document, except as expressly provided for in this clause 3.10 and clauses 5.2.1 and 5.2.2.

3.10.2 debis and each of the other Obligors further hereby acknowledge and agree that, as at the Signing Date, the only Mismatch Lenders are those referred to in paragraph (a) of the definition thereof, that the Mismatch Commitments (if any) of those Mismatch Lenders have not yet been determined and that the Mismatch Commitments (if any) of those Mismatch Lenders will in any event be insufficient to enable a Mismatch Loan to be made available in respect of any Aircraft.

3.10.3 If debis wishes a Mismatch Loan to be made available for an Aircraft, debis shall:

(a) identify one or more persons who are prepared to be or become Mismatch Lenders for that Aircraft so that the Mismatch Portions of all Mismatch Lenders for that Aircraft total one hundred per cent. (100%); and

(b) if those persons are not already Lenders, procure that they accede to this Agreement pursuant to documentation acceptable to the Mismatch Agent and the ECA Agent (each acting reasonably) and, if they are already Lenders, procure that such documentation as the Mismatch Agent and the ECA Agent may require (each acting reasonably) is executed to effect their introduction as Mismatch Lenders; and

(c) subject to the conclusion of the steps referred to in paragraphs (a) and (b) above, send a written notice (a "**Request Notice**") to each Mismatch Lender no later than three (3)

months (or such other period as debis and the Mismatch Agent may agree) prior to the date on which debis is required to issue a Mismatch Utilisation Notice for that Mismatch Loan, as specified in clause 5.1.1. Each Request Notice shall contain, to the extent that the same is then available, the same information as is required (pursuant to the terms of clause 5.1.1) to be included in a Mismatch Utilisation Notice.

3.10.4 Following the issue by debis of a Request Notice for an Aircraft, if all of the Mismatch Lenders for that Aircraft notify debis in writing that they are committed to provide a Mismatch Loan for that Aircraft (a "**Confirmation Notice**"), then, upon the issue of the Confirmation Notice, those Mismatch Lenders shall (subject to the terms and conditions of this Agreement) be committed to provide a Mismatch Loan for that Aircraft, and (subject always to the following provisions of this clause 3.10.4) the Mismatch Commitment Period, and the rights, obligations, duties and liabilities of the relevant Mismatch Lenders under the Transaction Documents, for that Aircraft shall thereupon commence. The Mismatch Lenders agree to respond to any Request Notice as soon as reasonably practicable and, in any event, not later than one (1) month after receipt thereof. If any of the Mismatch Lenders decides that it does not wish to be committed, that Mismatch Lender will notify debis of this decision as soon as reasonably practicable and will, if requested by debis, consult with debis in relation to that decision. debis shall be entitled, by written notice to each Mismatch Lender, to withdraw a Request Notice at any time prior to the issue of a corresponding Confirmation Notice.

For the avoidance of doubt, each Mismatch Lender shall be entitled in its sole and absolute discretion to:

(a) commit or refuse to commit to provide any Mismatch Loan;

(b) if it does so commit, commit to provide any Mismatch Loan according to such Mismatch Portion and such Mismatch Commitments as it determines in its sole and absolute discretion;

(c) if it does so commit, commit to provide any Mismatch Loan according to such terms and conditions as it determines in its sole and absolute discretion (which may include without limitation terms and conditions which necessitate changes to the terms of this Agreement and the other Transaction Documents),

provided that, in the case of each of paragraphs (b) and (c) above (i) the relevant Mismatch Lender shall, prior to the issue of the relevant Confirmation Notice, obtain debis' prior agreement to the same (and debis shall be entitled to accept or reject the same in its sole and absolute discretion), and (ii) the relevant Mismatch Portion(s), Mismatch Commitment(s) and terms and conditions shall be specified in the relevant Confirmation Notice.

3.10.5 For the avoidance of doubt, the Mismatch Commitment Period for an Aircraft shall not commence, and no Mismatch Lender shall be committed to provide a Mismatch Loan for an Aircraft, unless and until a Confirmation Notice in respect of that Aircraft shall have been issued by all of the Mismatch Lenders for that Aircraft and any applicable terms and conditions have been satisfied in full.

3.10.6 The Mismatch Lenders agree for the benefit of debis and each of the other Obligors that neither debis nor any other Obligor shall have any duties, obligations or liabilities whatsoever to any Mismatch Lender or the Mismatch Agent under or in connection with this Agreement or any other Transaction Document prior to the issuance of a Confirmation Notice and, prior to such issuance, all references in this Agreement or in any other Transaction Document to all or any of the Mismatch Lenders or the Mismatch Agent shall be ignored in construing any provisions relating to the obligations, duties or liabilities of debis or any other Obligor.

4 Utilisation of the ECA Facility

4.1 ECA Utilisation Notices

4.1.1 In order to effect an ECA Loan other than the ECA Loans for the Initial Aircraft, debis must submit a notice to the ECA Agent substantially in the form set out in schedule 4 identifying:

(a) the proposed ECA Drawdown Date for that ECA Loan, which shall be a Banking Day within the ECA Availability Period not less than fifteen (15) Banking Days (or such shorter period as the ECA Agent, acting on the instructions of the National Agents, may agree) after the date of service of that notice;

(b) the proposed Final ECA Repayment Date for that ECA Loan;

(c) the amount (which shall not exceed the maximum amount calculated pursuant to clause 2.3.2) and currency (which shall be Dollars or Euros) of the proposed ECA Loan;

(d) the relevant Aircraft (including its manufacturer's serial number, the proposed registration mark (if then known) and the manufacturer, type and serial numbers (if then known) of its Engines);

(e) if known, the identity of and the principal place of business of the proposed Sub-Lessee and any Sub-Sub-Lessee of that

Aircraft;

(f) the jurisdiction in which that Aircraft shall be registered and whether, taking into account the requirements of paragraph 1(c) of schedule 7, it is proposed that there will be a Mortgage in respect of the Aircraft;

(g) the anticipated Aircraft Purchase Price for that Aircraft;

(h) the identity of each Borrower and Lessee to be party to the Transaction Documents for that Aircraft; and

(i) if that Aircraft is to be placed on lease to a Sub-Lessee pursuant to a Sub-Lease on that ECA Drawdown Date, the notice shall have attached thereto a Certified Copy of the latest draft (if any) or, if the same is then available, the executed version of the proposed Sub-Lease.

4.1.2 The ECA Agent shall:

(a) send to each National Agent a copy of each ECA Utilisation Notice received from debis which complies with clause 4.1.1; and

(b) assist in the preparation of the ECA Utilisation Documentation for the relevant ECA Loan, and as soon as reasonably practicable following receipt of the same shall procure that that ECA Utilisation Documentation is circulated to the National Agents and the relevant Borrower.

4.1.3 The ECA Agent, the relevant Borrower and each relevant Lessee shall, on or prior to the date falling three (3) Banking Days prior to the proposed ECA Drawdown Date, execute the ECA Utilisation Documentation for that ECA Loan and each ECA Finance Party (other than the ECA Agent and the Security Trustee) hereby authorises and instructs the ECA Agent to execute that ECA Utilisation Documentation on its behalf.

4.2 Conditions precedent

4.2.1 The obligations of each of the ECA Finance Parties under this Agreement and the relevant ECA Loan Agreement in respect of the first ECA Loan shall be subject to the ECA Agent having received (or (acting on the instructions of the Majority Lenders) having waived receipt of) the documents and other evidence referred to in Part I of schedule 10, in each case, in form and substance satisfactory to the ECA Agent (acting reasonably).

4.2.2 The obligations of each of the ECA Finance Parties under this Agreement and the relevant ECA Loan Agreement in respect of each ECA Loan shall be subject to:

(a) the ECA Agent having received (or (acting on the instructions of the Majority Lenders) having waived receipt of) the documents and other evidence referred to in Part II of schedule 10 in form and substance satisfactory to the ECA Agent and, if the relevant Aircraft is to be placed on lease to a Sub-Lessee pursuant to a Sub-Lease on the ECA Drawdown Date for that ECA Loan, the Sub-Lease Requirements shall have been complied with in full to the satisfaction of the ECA Agent (acting reasonably) in respect of that Sub-Lease, provided that the Sub-Lease Requirements (other than those set out in paragraph 4 of schedule 8) in relation to the Initial Sub-Leases shall not be required to be complied with pursuant to this clause 4.2.2(a) or any other provision of this Agreement;

(b) no Relevant Event, Termination Event, ECA Utilisation Block Event or Mandatory Prepayment Event in respect of that Aircraft having occurred which is continuing;

(c) any requisite approvals of the competent authorities of the French Republic, the Federal Republic of Germany and the United Kingdom shall have been obtained and COFACE, HERMES and ECGD shall have indicated that they are willing to give guarantees, insurances or other applicable support (subject to satisfaction of the relevant conditions precedent) in terms satisfactory to the British National Agent, the French National Agent and the German National Agent respectively on that ECA Drawdown Date; and

(d) with respect to the ECA Loan for any Aircraft other than the Initial Aircraft:

(i) the appointment of the German National Agent for that Aircraft, as contemplated by paragraph (b) of the definition of German National Agent, pursuant to documentation acceptable to the ECA Agent and the German Parallel Lender (each acting reasonably); and

(ii) the agreement of one or more persons to become German Lenders for that Aircraft and fund the German ECA Portion for that Aircraft, as contemplated by paragraph (b) of the definition of German Lenders, and, if those persons are not already Lenders, the accession to this Agreement by those persons pursuant to documentation acceptable to the ECA Agent and the German Parallel Lender (each acting reasonably) and, if they are already Lenders, the execution of such documentation as the ECA Agent and the German Parallel Lender (each acting reasonably) may require to effect their introduction as German Lenders for that Aircraft.

4.2.3 Each National Agent hereby confirms and agrees that:

(a) it has requested the approvals and indications referred to in clause 4.2.2(c) in respect of the ECA Loans for (i) in the case of the German National Agent, the Initial Aircraft, and (ii) in the case of the British National Agent and the French National Agent respectively, the 2003 Aircraft;

(b) as soon as reasonably practicable following a written request from debis to do so, it will request the approvals and indications referred to in clause 4.2.2(c) in respect of the ECA Loans for the other Aircraft, consistent with its normal procedures for obtaining the same;

(c) it will keep debis advised of progress in relation to such approvals and indications and notify debis as soon as reasonably practicable following receipt of such approvals and/or indications or of any rejection of any approval application or change of position in relation to any of the foregoing matters; and

(d) it will, if appropriate, involve debis in discussions with the relevant Export Credit Agencies.

5 Utilisation of the Mismatch Facility

5.1 Mismatch Utilisation Notices

5.1.1 In order to effect a Mismatch Loan for an Aircraft, debis must (i) in the case of any Aircraft other than the 2003 Aircraft, at the same time as debis submits the ECA Utilisation Notice for that Aircraft to the ECA Agent pursuant to clause 4.1.1, or (ii) in the case of the 2003 Aircraft, not less than fifteen (15) Banking Days prior to the proposed First Mismatch Advance Date thereunder which must be no later than the date falling twelve (12) months after the ECA Drawdown Date for the ECA Loan for that Aircraft and within the Mismatch Commitment Period for that Aircraft, submit a notice to the Mismatch Agent substantially in the form set out in schedule 5 identifying:

(a) (i) in the case of any Aircraft other than the 2003 Aircraft, the proposed ECA Drawdown Date for the ECA Loan for that Aircraft, or (ii) in the case of the 2003 Aircraft, the proposed First Mismatch Advance Date, and the amount (which must be in Dollars) of that ECA Loan;

(b) (i) in the case of any Aircraft other than the 2003 Aircraft, the proposed Final ECA Repayment Date for that ECA Loan, or (ii) in the case of the 2003 Aircraft, the actual Final ECA Repayment Date for that ECA Loan;

(c) the amount (which shall not exceed the maximum amount calculated pursuant to clause 3.3.2) of that Mismatch Loan;

(d) that Aircraft (including its manufacturer's serial number, the proposed registration mark (if then known) and the manufacturer, type and serial numbers (if then known) of its Engines);

(e) if known, the identity of and the principal place of business of the proposed Sub-Lessee and any Sub-Sub-Lessee of that Aircraft;

(f) the jurisdiction in which that Aircraft shall be registered and whether, taking into account the requirements of paragraph 1(c) of schedule 7, it is proposed that there will be a Mortgage in respect of the Aircraft;

(g) the anticipated Aircraft Purchase Price for that Aircraft;

(h) the identity of each Borrower and Lessee to be party to the Transaction Documents for that Aircraft; and

(i) if that Aircraft is to be placed on lease to a Sub-Lessee pursuant to a Sub-Lease on that ECA Drawdown Date, the notice shall have attached thereto a Certified Copy of the latest draft (if any) or, if the same is then available, the executed version of the proposed Sub-Lease.

5.1.2 The Mismatch Agent shall:

(a) send to each Mismatch Lender a copy of each Mismatch Utilisation Notice received from debis which complies with clause 5.1.1; and

(b) assist in the preparation of the Mismatch Utilisation Documentation for the relevant Mismatch Loan, and as soon as reasonably practicable following receipt of the same shall procure that that Mismatch Utilisation Documentation is circulated to the Mismatch Lenders and the relevant Borrower.

5.1.3 The Mismatch Agent, the relevant Borrower and each relevant Lessee shall, on or prior to the date falling three (3) Banking Days prior to (i) in the case of any Aircraft other than the 2003 Aircraft, the proposed ECA Drawdown Date, or (ii) in the case of the 2003 Aircraft, the proposed First Mismatch Advance Date, execute the Mismatch Utilisation Documentation for

that Mismatch Loan and each Mismatch Finance Party (other than the Mismatch Agent and the Security Trustee) hereby authorises and instructs the Mismatch Agent to execute that Mismatch Utilisation Documentation on its behalf.

5.2 Conditions precedent

5.2.1 The obligations of each of the Mismatch Finance Parties under this Agreement and each relevant Mismatch Loan Agreement shall be subject to the Mismatch Agent having received (or (acting on the instructions of the Majority Mismatch Lenders) having waived receipt of) the documents and other evidence referred to in Part I of schedule 10, in each case, in form and substance satisfactory to the Mismatch Agent. Notwithstanding that no Mismatch Commitment Period will have commenced, the Mismatch Agent will on or prior to the first ECA Drawdown Date confirm in writing to debis whether the conditions referred to in this clause 5.2.1 have been fulfilled and if any such conditions have not then been fulfilled the Mismatch Agent will confirm to debis which conditions remain to be fulfilled.

5.2.2 The obligations of each of the Mismatch Finance Parties under this Agreement and the relevant Mismatch Loan Agreement in respect of each Mismatch Loan shall be subject to a Confirmation Notice (as defined in clause 3.10) having been issued in respect of that Mismatch Loan and the Mismatch Agent having received (or (acting on the instructions of the Majority Mismatch Lenders) having waived receipt of) the documents and other evidence referred to in Part II of schedule 10 in form and substance satisfactory to the Mismatch Agent (acting reasonably) and, if the relevant Aircraft is to be placed on lease to a Sub-Lessee pursuant to a Sub-Lease on the Mismatch Drawdown Date for that Mismatch Loan, the Sub-Lease Requirements shall have been complied with in full to the satisfaction of the Mismatch Agent (acting reasonably) in respect of that Sub-Lease, provided that the Sub-Lease Requirements (other than those set out in paragraph 4 of schedule 8) in relation to the Initial Sub-Leases shall not be required to be complied with pursuant to this clause 5.2.2 or any other provision of this Agreement.

5.2.3 The obligations of each of the Mismatch Finance Parties under this Agreement and the relevant Mismatch Loan Agreement in respect of each Mismatch Loan shall be subject to the Mismatch Commitment Period for that Aircraft being current at:

(a) the times at which the Mismatch Loan Agreement for that Mismatch Loan is entered into by the parties thereto; and

(b) the First Mismatch Advance Date thereunder.

5.2.4 The obligations of each of the Mismatch Finance Parties under this Agreement and the relevant Mismatch Loan Agreement in respect of each Mismatch Advance shall be subject to no Termination Event, Mismatch Utilisation Block Event or Mandatory Prepayment Event in respect of that Aircraft having occurred which is continuing.

6 Representations and warranties

6.1 Representations and warranties of each Borrower

To induce each of the Finance Parties, the Lessees and debis to enter into the Transaction Documents, each Borrower represents and warrants (as to itself only) to the Finance Parties, the Lessees and debis that:

6.1.1 it is duly organised or, as the case may be, incorporated and validly existing under the laws of its State of Incorporation, and has full power, authority and legal right to own its property and carry on its business as presently conducted;

6.1.2 it has the power and capacity to execute and deliver, and to perform its obligations under, the Transaction Documents to which it is or will be a party and all necessary action has been or will prior to the entering into of the same be taken to authorise the execution, delivery and performance of the same;

6.1.3 all necessary legal action to authorise the person or persons who execute and deliver the Transaction Documents to which it is or will be a party to execute and deliver the same and thereby bind it to all the terms and conditions hereof and thereof and to act for and on behalf of it as contemplated hereby and thereby has been or will prior to the entering into of the same be taken;

6.1.4 the Transaction Documents to which it is or will be a party constitute or will when executed constitute its legal, valid and binding obligations enforceable in accordance with their terms subject to bankruptcy, insolvency and other laws affecting creditor's rights generally, subject to general principles of equity and subject to the qualifications set out in the legal opinions to be provided to the Finance Parties in accordance with the provisions of this Agreement;

6.1.5 the execution and delivery by it of, the performance of its obligations under, and compliance with the provisions of, the Transaction Documents to which it is or will be a party will not (i) contravene any existing Applicable Law of its State of Incorporation to which it is subject, (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any document, instrument or agreement to which it is a party or is subject or by which it or any of its assets may be bound, (iii) contravene or conflict with any provision of its constitutional documents, or (iv) result in the creation or imposition of, or oblige it to create, any Lien on or over any of its assets other than any Lien created pursuant to or permitted by the Transaction Documents;

6.1.6 save in respect of applicable Cayman Islands stamp duty, every consent, authorisation, licence or approval of, or registration with or declaration to, any Government Entity of its State of Incorporation in connection with the execution, delivery, validity,

enforceability or admissibility in evidence of the Transaction Documents to which it is or will be a party, or the performance by it of its obligations under the Transaction Documents to which it is or will be party has been or will prior to the relevant ECA Drawdown Date be obtained or made and is or will prior to the relevant ECA Drawdown Date be in full force and effect and there has been no default in the observance of any of the conditions or restrictions (if any) imposed in, or in connection with, any of the same;

6.1.7 no litigation, arbitration or administrative proceeding is taking place, pending or, to its knowledge or the knowledge of its officers, threatened against it or against any of its assets;

6.1.8 it has not taken any action nor, to its knowledge or the knowledge of its officers, have any steps been taken or legal proceedings been started for any Insolvency Event in relation to it;

6.1.9 the claims of the Finance Parties against it under this Agreement and the other Transaction Documents to which it is a party will rank at least *pari passu* with the claims of all its other unsecured creditors save those whose claims are preferred solely by any bankruptcy, insolvency, liquidation or other similar laws of general application or otherwise mandatorily preferred by law;

6.1.10 except as otherwise permitted hereunder, there have been no amendments or supplements to its constitutional documents from the form of those documents last supplied by it to the ECA Agent and the Mismatch Agent respectively and the constitutional documents in the form last supplied by it to the ECA Agent and the Mismatch Agent respectively remain in full force and effect;

6.1.11 the board resolutions and, if applicable, power of attorney supplied by it to the ECA Agent and the Mismatch Agent respectively pursuant to the provisions of this Agreement remain in full force and effect and have not been amended, supplemented, varied or revoked, in whole or in part, since they were entered into and the authority therein given to the persons therein named to agree and execute on its behalf the Transaction Documents remains in full force and effect and has not been revoked, amended, supplemented or varied, in whole or in part;

6.1.12 it has not, prior to entering into the Transaction Documents, engaged in any business or transaction or entered into any contract or agreement with any person or otherwise created or incurred any liability to, or acquired any asset from, any person, other than any such

transactions, contracts, agreements or liabilities or acquisitions of assets as (i) have been necessary solely in order for it to establish itself as a company duly incorporated and validly existing under the laws of its State of Incorporation, or (ii) have occurred pursuant to or are contemplated by any of the Transaction Documents; and

6.1.13 no Borrower Event has occurred and it continuing.

6.2 Representations and warranties of each Lessee

To induce each of the Finance Parties and each of the Borrowers to enter into the Transaction Documents, each Lessee represents and warrants (as to itself only) to the Finance Parties and the Borrowers that:

6.2.1 it is duly incorporated and validly existing under the laws of its State of Incorporation as a limited liability company and has power to carry on its business as it is now being conducted and to own its property and other assets;

6.2.2 it has the power to execute and deliver and to perform its obligations under the Transaction Documents to which it is or will be a party and all necessary corporate, shareholder and other action has been or will prior to the entering into of the same be taken to authorise the execution, delivery and performance of the same;

6.2.3 the Transaction Documents to which it is or will be a party constitute or will, when executed, constitute valid and legally binding obligations of it enforceable in accordance with their respective terms subject to applicable bankruptcy, insolvency and other laws affecting creditor's rights generally, subject to general principles of equity and subject to the qualifications set out in the legal opinions to be provided to the Finance Parties in accordance with the provisions of this Agreement;

6.2.4 the execution and delivery of, the performance of its obligations under, and compliance by it with the provisions of, the Transaction Documents to which it is or will be a party will not (i) contravene any existing Applicable Law of its State of Incorporation (ii) conflict with, or result in any breach of any of the terms of, or constitute a default under, any agreement or other instrument to which it is a party or is subject or by which it or any of its property is bound, or (iii) contravene or conflict with any provision of its constitutional documents;

6.2.5 its obligations under the Transaction Documents to which it is or will be a party will rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of it with the exception of any such obligations which are mandatorily preferred by law and not by contract;

6.2.6 it is subject to civil and commercial law with respect to its obligations under the Transaction Documents to which it is or will be a party and the transactions contemplated thereby constitute private and commercial acts done for private and commercial purposes and neither it nor any of its assets is entitled to any immunity on the grounds of sovereignty or otherwise from any legal action or proceeding (which shall include, without limitation, suit, attachment prior to judgment, execution or other enforcement);

6.2.7 its only business is that of leasing the Aircraft and the entering into of the Transaction Documents to which it is or will be a party and any and all agreements related thereto;

6.2.8 every consent, authorisation, licence or approval of, or registration with or declaration to, any Government Entity of its State of Incorporation in connection with the execution, delivery, validity, enforceability or admissibility in evidence of the Transaction Documents to which it is or will be a party, or the performance by it of its obligations under the Transaction Documents to which it is or will be party has been or will prior to the relevant ECA Drawdown Date be obtained or made and is or will prior to the relevant ECA Drawdown Date be in full force and effect and there has been no default in the observance of any of the conditions or restrictions (if any) imposed in, or in connection with, any of the same;

6.2.9 no litigation, arbitration or administrative proceeding that could (by itself or together with any other such proceedings or claims) reasonably be expected to have a material adverse effect on its ability to observe or perform its obligations under the Transaction Documents to which it is or will be a party or a material adverse effect upon its financial condition, business, assets or operations is presently in progress or, to its knowledge or the knowledge of its officers, pending or threatened against it or any of its assets;

6.2.10 it is not in breach of or in default under any agreement relating to Financial Indebtedness to which it is a party or by which it may be bound; and

6.2.11 no Lease Event has occurred and is continuing.

6.3 Repetition

The representations and warranties set out in clause 6.1 are made by the Initial Borrowers on the Signing Date and, in the case of any Borrower which enters into an Accession Deed after the date of this Agreement, will be deemed to be made by that Borrower on the date it executes that Accession Deed.

The representations and warranties set out in clause 6.2 are made by each Principal Lessee on the Signing Date and, in the case of any Lessee which enters into an Accession Deed after the date of this Agreement, will be deemed to be made by that Lessee on the date it executes that Accession Deed.

6.4 English Law Mortgage

Notwithstanding any provision of any Transaction Document (including clause 6.1 or clause 6.2), where the State of Registration of an Aircraft is not the United Kingdom, no Lessee or Borrower shall be obliged to or be deemed to have represented that the English Law Mortgage for that Aircraft is valid and enforceable in the State of Registration or in any other jurisdiction if that English Law Mortgage is not recognised as valid and enforceable in such jurisdiction, and the representations and warranties of each Borrower and each Lessee under any Transaction Document as they relate to any English Law Mortgage shall be construed accordingly.

7 Undertakings and covenants - general

7.1 Undertakings and covenants of each Borrower

Until all of the Secured Obligations have been satisfied in full, each Borrower hereby undertakes and covenants with each Finance Party, each Lessee and debis (severally as to itself only) that from the date of this Agreement:

7.1.1 it shall remain duly incorporated and validly existing under the laws of its State of Incorporation;

7.1.2 it will limit its business exclusively to the purchase, financing, leasing and disposal of the Aircraft and the transactions contemplated by the Transaction Documents and matters reasonably incidental thereto;

7.1.3 it will not, without the prior written consent of the ECA Agent, the Mismatch Agent and debis, enter into any contract or agreement with any person, and will not, without the prior written approval of the ECA Agent, the Mismatch Agent and debis, otherwise create or incur any liability to any person, in each case, other than as provided for in, or permitted by, the Transaction Documents or other than such liabilities with respect to Taxes, ordinary costs and overhead expenses as have arisen or may arise in the ordinary course of its business as referred to in the immediately preceding paragraph;

7.1.4 to the extent possible pursuant to Applicable Law of its State of Incorporation, it will obtain or cause to be obtained, maintain in full force and effect and comply in all material respects with the conditions and restrictions (if any) imposed in, or in connection with, every consent,

authorisation, licence or approval of governmental or public bodies or authorities or courts and do, or cause to be done, all other acts and things, in each case, which may from time to time be necessary or advisable under Applicable Law of its State of

Incorporation for the continued due performance of all its obligations under the Transaction Documents;

7.1.5 subject to indemnification in respect of such Taxes (other than those in respect of which it is personally liable) pursuant to the terms of this Agreement, it will as soon as reasonably practicable discharge or procure the discharge of all or any Taxes which are payable by it from time to time;

7.1.6 in the case of each Initial Borrower and each other Borrower incorporated in the Cayman Islands, it will not take any action, nor permit any action to be taken, which would result in it ceasing to be an exempted company incorporated with limited liability in the Cayman Islands;

7.1.7 to the extent possible pursuant to Applicable Law and subject to the provisions of clause 26, it will duly observe and perform all the covenants, obligations and conditions which are required to be observed and performed by it under the Transaction Documents;

7.1.8 it will not exercise any right, power or discretion vested in it pursuant to any Transaction Document otherwise than in a manner consistent with the provisions thereof;

7.1.9 it will not without the prior written consent of the ECA Agent, the Mismatch Agent and debis create or permit to subsist any Lien over all or any of its present and future revenues and assets other than Permitted Liens; and

7.1.10 it will take such action as the Security Trustee and (subject to no Lease Termination Event having occurred and being continuing) debis shall reasonably require to maintain the rights granted to the Secured Parties and debis under the Transaction Documents and, after the occurrence of a Lease Termination Event which is continuing, to take such action as the Security Trustee may reasonably require in relation to the exercise of the rights of that Borrower under the Transaction Documents.

7.2 Undertakings and covenants of each Lessee

Until all of the Secured Loan Obligations have been satisfied in full, each Lessee hereby undertakes and covenants with each Finance Party and each Borrower (severally as to itself only) that from the date of this Agreement:

7.2.1 to the extent possible pursuant to Applicable Law it shall obtain (within any applicable time limits) and maintain in full force and effect and comply with the terms of all authorisations, approvals, consents, licences, exemptions, filings, registrations, notarisations and other matters for the time being required by all Applicable Laws of its State of Incorporation to enable it to perform its obligations under, or for the validity or enforceability of, the Transaction Documents to which it is or will be a party;

7.2.2 it shall as soon as reasonably practicable notify the Security Trustee if it becomes aware of the occurrence of a Lease Termination Event which is continuing or of any other event or circumstance which will adversely affect in any material respect its ability to perform its obligations under the Transaction Documents to which it is or will be a party and shall provide the Security Trustee with reasonable details of any steps which the Lessee is taking, or proposes to take, to remedy or mitigate the effect of any such Lease Termination Event or such other event or circumstance;

7.2.3 it shall deliver or cause to be delivered to the Security Trustee as soon as reasonably practicable after the same are available:

(a) and in any event within one hundred and eighty (180) days after the end of debis' financial year, a copy of debis' audited consolidated financial accounts for the relevant financial year;

(b) and in any event within the lesser of one hundred and eighty (180) days after the end of debis' financial year and thirty (30) days after debis' shareholders have approved the same, a CFO Certificate in relation thereto;

(c) and in any event within ninety (90) days after the end of each semi-annual accounting period of debis, a copy of debis' consolidated management accounts for the relevant semi-annual period, together with a CFO Certificate in relation thereto;

(d) if so requested by the Security Trustee at any time because the Security Trustee and/or any other Finance Party has reasonable grounds to believe that a Trigger Event may have occurred and be continuing, a copy of debis' most recent monthly management reports, together with a CFO Certificate in relation thereto,

in each case, prepared in accordance with US or Dutch GAAP;

7.2.4 if so requested by the Security Trustee at any time, because the Security Trustee and/or any other Finance Party has reasonable grounds to believe that the contents of any CFO Certificate may not be true and correct, it shall procure that debis' auditors confirm in writing to the Security Trustee that the contents of that CFO Certificate are true and correct;

7.2.5 it shall as soon as reasonably practicable provide the Security Trustee with such information as is available to it concerning its financial condition, business, assets and operations (subject to Applicable Laws and confidentiality restrictions), and/or concerning any of the Aircraft, including the maintenance, operation, usage and location thereof, as the Security Trustee may from time to time reasonably request in the context of the Transaction Documents and the transactions contemplated thereby;

7.2.6 it shall as soon as reasonably practicable provide the Security Trustee with such information as is available to it concerning a

Sub-Lease or a Sub-Sub-Lease as the Security Trustee may from time to time reasonably request, subject always to any Applicable Laws and confidentiality restrictions to which it is subject in relation thereto;

7.2.7 it will duly and punctually perform its obligations under and comply with the terms of the Transaction Documents to which it is or will be a party;

7.2.8 it will ensure that its obligations under the Transaction Documents to which it is or will be a party are, or will upon execution thereof by it rank, at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of it save for obligations mandatorily preferred by law;

7.2.9 it shall preserve its corporate existence (but, for the avoidance of doubt, it shall not be prevented from concluding any solvent reconstruction, reorganisation, merger, amalgamation or securitisation); and

7.2.10 its only business shall be that of leasing the Aircraft and entering into the Transaction Documents to which it is or will be a party and any and all agreements related thereto and it will not undertake any other business other than the purchase and sale of Aircraft as and when it becomes entitled to do so under the terms of the Transaction Documents.

7.3 Change of control

7.3.1 If at any time any of the current shareholders of debis reduces its shareholding interest (in percentage terms) in debis, debis shall as soon as reasonably practicable give written notice ("**Notice**") to the ECA Agent and the Mismatch Agent.

7.3.2 If the result of such reduction is that the current shareholders of debis as at the Signing Date cease, in the aggregate, to own at least sixty-six point six six per cent. (66.66%) of the issued shares and voting rights of debis, and the new shareholder(s) of debis are not, as at the time of their acquisition of the shares, either (i) rated BBB- or above by Standard & Poors Ratings Group and/or the equivalent thereof by Moody's Investments Services Inc, or (ii) of

at least equivalent credit worthiness as the transferring shareholders, as demonstrated by debis to the reasonable satisfaction of the ECA Agent (acting on the instructions of the National Agents) and, if there is a Mismatch Loan, the Mismatch Agent (acting on the instructions of the Majority Mismatch Lenders) then, as soon as reasonably practicable after receipt of the Notice, the ECA Agent (if so instructed by the National Agents) and, if there is a Mismatch Loan, the Mismatch Agent (if so instructed by the Majority Mismatch Lenders) shall enter into good faith discussions with debis with a view to agreeing alternative arrangements and conditions (including, without limitation, as to the provision of additional security) acceptable to the ECA Agent (acting on the instructions of the National Agents acting reasonably) and, if there is a Mismatch Loan, the Mismatch Agent (acting on the instructions of the Majority Mismatch Lenders acting reasonably) for the continuation of the transactions contemplated by the Transaction Documents.

7.3.3 If no such arrangements and conditions acceptable to the ECA Agent (acting on the instructions of the National Agents) and, if there is a Mismatch Loan, the Mismatch Agent (acting on the instructions of the Majority Mismatch Lenders) have been agreed and implemented in full on or prior to the date ("**Final Date**") falling sixty (60) days after the date of the commencement of the discussions referred to in clause 7.3.2, a Mandatory Prepayment Event shall be deemed to have occurred in respect of all of the Aircraft on the Final Date.

8 Undertakings and covenants of Lessees - operational and sub-leasing

8.1 General - operational

Until all of the Secured Loan Obligations have been paid in full, each Lessee hereby undertakes and covenants with each of the Finance Parties separately and severally from the date of this Agreement or, if it is not a party to this Agreement on the date of this Agreement, from the date upon which that Lessee accedes to this Agreement that, subject to clause 8.4 and save as may be agreed from time to time with the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, it shall at its own cost and expense, in respect of each Aircraft of which it is the Lessee, comply or procure compliance with the Operational Undertakings.

8.2 Sub-leasing

Until all of the Secured Loan Obligations have been paid in full, each Lessee hereby undertakes and covenants with each of the Finance Parties separately and severally from the date of this Agreement or, if it is not a party to this Agreement on the date of this Agreement, from the date upon which that Lessee accedes to this Agreement that, save as may be agreed from time to time with the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, it shall not sub-lease, charter or otherwise part with possession or operational control of any Aircraft except:

8.2.1 for testing, service, overhaul work, maintenance or repair or alterations, modifications or additions in accordance with this Agreement or any other Transaction Document or which is permitted or not prohibited by the Operational Undertakings; or

8.2.2 to the Initial Sub-Lessee pursuant to the relevant Initial Sub-Lease, provided that the Lessee shall also comply with the Sub-Lease Requirements set out in paragraph 4 of schedule 8; or

8.2.3 pursuant to a Sub-Lease or a Sub-Sub-Lease which complies in all respects with the Sub-Lease Requirements (provided

however that, if a Lessee enters into a Sub-Lease which does not comply with the Sub-Lease Requirements in breach of this clause 8.2, that breach shall not result in a Lease Termination Event but shall, unless the relevant deviation is approved by the Security Trustee pursuant to clause 8.7, result in a Mandatory Prepayment Event with respect to the relevant Aircraft if that breach is not remedied within thirty (30) days after notice thereof from the Security Trustee).

Notwithstanding any such parting with possession or operational control permitted by this clause 8.2, each Lessee shall, subject only to clause 8.4, remain primarily liable and

responsible for performing, and procuring observance of and compliance with, all of its obligations under this Agreement and the other Transaction Documents, provided that performance by a Sub-Lessee or a Sub-Sub-Lessee of any obligation under a Sub-Lease or a Sub-Sub-Lease shall without further act to the same extent constitute performance by the relevant Lessee of any corresponding obligation hereunder or under any other Transaction Document.

In addition to the provisions of this clause 8 and the Sub-Lease Requirements, each of the ECA Agent and (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent may require that that Aircraft is owned by a new Alternative Borrower, if the State of Registration for that Aircraft, the Habitual Base for that Aircraft as at the time at which the leasing of that Aircraft under the relevant Sub-Lease commences and/or the State of Incorporation of any Sub-Lessee of that Aircraft is a jurisdiction which imposes strict liability on the relevant Borrower as the owner of the Aircraft. If such a requirement arises, and the same is demonstrated, by an appropriate legal opinion from reputable and experienced counsel in the relevant jurisdiction, the ECA Agent and (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent shall consult with debis in good faith in order to agree on the Alternative Borrower and the ownership and leasing structure for that Aircraft, and the provisions of clause 9 shall apply.

8.3 Home Country restriction

8.3.1 If at any time a Lessee proposes to permit an Aircraft to be delivered under a Sub-Lease to a Sub-Lessee (if it is a technical operator of aircraft) or under a Sub-Sub-Lease to a Sub-Sub-Lessee (if the Sub-Lessee is not a technical operator of aircraft and the Sub-Sub-Lessee is a technical operator of aircraft) ("**Operator Lessee**") directly under a Sub-Lease or indirectly under a Sub-Sub-Lease if that delivery is to an Operator Lessee which is either (i) the first Operator Lessee of that Aircraft, or (ii) the second or subsequent Operator Lessee of that Aircraft if the Sub-Lease or Sub-Sub-Lease to that Operator Lessee commences prior to the second anniversary of the Delivery Date for that Aircraft, and:

(a) as a result of the delivery of that Aircraft to that Operator Lessee, more than twenty five per cent (25%) of the Aircraft financed under this Agreement and approved by the Export Credit Agencies for that financing (determined by number and not by value) would be Home Country Aircraft; or

(b) that Operator Lessee has its State of Incorporation in the United States of America,

then, unless the delivery to the relevant Operator Lessee follows the bona fide repossession of that Aircraft by, or the delivery or redelivery of that Aircraft to, the relevant Lessee as a result of the termination of the leasing of that Aircraft under a previous Sub-Lease prior to its scheduled expiry date as a result of a default or other early termination of that Sub-Lease, debis shall as soon as reasonably practicable give notice thereof to the Security Trustee.

8.3.2 Following the giving of any such notice, or if any Finance Party otherwise becomes aware of the proposed delivery of an Aircraft of the nature referred to in clause 8.3.1:

(a) if the delivery would result in the circumstances set out in clause 8.3.1(a), the ECA Agent may, unless the Export Credit Agencies shall have approved the delivery, at the direction of the National Agents and the German Parallel Lender, serve a notice on the relevant Lessee requiring the prepayment of Loans for Home Country Aircraft so that the circumstances set out in clause 8.3.1(a) no longer apply. The ECA Agent shall consult with that Lessee as to the identity of the Loans which shall be prepaid; or

(b) if the delivery would result in the circumstances set out in clause 8.3.1(b), the ECA Agent may, unless the Export Credit Agencies shall have approved the delivery, at the direction of the Export Credit Agencies serve a notice on the relevant Lessee requiring the prepayment of the Loans for the relevant Aircraft.

8.3.3 If any of the circumstances referred to in clause 8.3.1 arise, the ECA Agent will, if requested by debis, consult with debis and the Export Credit Agencies with a view to determining whether a waiver may be available in relation to the relevant circumstances.

8.4 Effect of Sub-Leases and Sub-Sub-Leases

8.4.1 No Lessee shall be in breach of its Operational Undertakings, nor shall a Relevant Event or Termination Event occur or be considered to have occurred (nor, for the avoidance of doubt, shall a Lessee be or be deemed to be in breach of any obligation to procure any matter by any Sub-Lessee, Sub-Sub-Lessee or other person):

(a) as a result of any act or omission of any Sub-Lessee or Sub-Sub-Lessee or the occurrence of an event of default (howsoever defined) under any Sub-Lease or Sub-Sub-Lease, if and for so long as the obligations of that Lessee under the following provisions of this clause 8.4 are being complied with, and subject always to clause 8.4.3; or

(b) as a result of any confiscation, restraint, detention, forfeiture, compulsory acquisition, requisition for title or requisition for hire of an Aircraft by or under the order of any Government Entity.

8.4.2 The relevant Lessee shall as soon as reasonably practicable and diligently take all steps in accordance with the Standard to:

(a) prevent the condition of the Aircraft from being materially adversely affected as a result of the relevant matter referred to in clause 8.4.1;

(b) compel the Sub-Lessee to remedy the relevant matter referred to in clause 8.4.1 and/or to repossess the Aircraft.

8.4.3 Notwithstanding anything to the contrary in this clause 8.4 or in any other provision of the Transaction Documents:

(a) clause 8.4.1 shall not apply and shall not be deemed to apply to any payment, reimbursement and/or indemnity obligation or liability of any Lessee under the Transaction Documents, to any Lease Termination Event (other than any referred to in paragraphs (c) and (d) of the definition thereof) or corresponding Lease Event, to any obligations of any Lessee of the nature or in respect of any of the matters referred to in paragraph 2.2 of schedule 8 or to the obligations of any Lessee under paragraph 10 of schedule 7; and

(b) the provisions of clause 8.4.1 are without prejudice to:

(i) the provisions of the Transaction Documents in relation to Mandatory Prepayment Events and Total Loss respectively; and

(ii) the obligations of the Lessees pursuant to clause 8.2.3.

8.5 Off-Lease Period

During any Off-Lease Period for an Aircraft:

8.5.1 unless the Security Trustee (acting on the instructions of all of the National Agents, (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent and the German Parallel Lender) otherwise agrees, that Aircraft shall be registered in the United States, Ireland, the Netherlands, the United Kingdom or such other jurisdiction as the Security Trustee (acting on the instructions of all of the National Agents, (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent and the German Parallel Lender) may consent to in writing (such consent not to be unreasonably withheld or delayed), to the extent possible under Applicable Law in the name of the relevant Borrower or the relevant Lessee (as the case may be) and a

Mortgage for that Aircraft shall, to the extent possible under Applicable Law, be registered in the aircraft mortgage register with the relevant Aviation Authority;

8.5.2 the relevant Lessee shall at all times carry out the Operational Undertakings in relation to that Aircraft but so that they shall be deemed to be modified to reflect the fact that that Aircraft is not being operated but is instead grounded and being stored, insured and maintained by that Lessee and, in particular:

(a) the insurance requirements shall be modified so that that Lessee shall be required to obtain and maintain only insurance against ground risks (if and for so long as that Aircraft is not flown); and

(b) that Lessee shall procure that the Aircraft is safely stored;

8.5.3 the relevant Borrower and each of the Finance Parties:

(a) acknowledge and agree that, subject always to the compliance in full with all relevant requirements set out in clause 9, in the case of registration of the Aircraft with the FAA, an owner-trustee structure may be utilised; and

(b) shall, at the request of the relevant Lessee and at the cost of the Borrowers, take such action as that Lessee may reasonably request in connection with the foregoing matters; and

8.5.4 to the extent that that Aircraft will be registered in The Netherlands in accordance with clause 8.5.1:

(a) no lease interest will be registered in the Dutch register pursuant to the Geneva Convention (*Register voor de teboekstelling van Inchtvaartuigen*); and

(b) the Mortgage over that Aircraft will include (i) an irrevocable notarial power of attorney granted by the relevant Borrower to the Security Trustee to deregister that Mortgage, (ii) a right of pledge on "Parts" as described in Article XVI

of the Geneva Convention whether or not in advance, and (iii) a right of pledge in advance (*bij voorbaat*) on that Aircraft to the extent that it will be deregistered from the register pursuant to the Geneva Convention.

8.6 Sub-Leases - management and notification requirements

Until all of the Secured Loan Obligations have been paid in full, each Lessee and debis hereby undertake and covenant with each of the Finance Parties and each of the Borrowers separately and severally from the date of this Agreement or, if it is not a party to this Agreement on the date of this Agreement, from the date upon which that Lessee accedes to this Agreement that, save as may be agreed from time to time with the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, it shall, in relation to each Aircraft:

8.6.1 manage that Aircraft and each Sub-Lease pursuant to which it is leased at any time and monitor each Sub-Lessee's performance of its obligations under the relevant Sub-Lease in a manner consistent with the highest level of management provided by debis with respect to any leased and/or owned aircraft within its portfolio and will not adversely discriminate against that Aircraft in any material respect when compared to other aircraft within that portfolio, being any commercial passenger aircraft that are owned and/or leased by debis Group Companies;

8.6.2 notify the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent in writing, as soon as reasonably practicable after it becomes aware of the same, of:

(a) the occurrence of any Notifiable Sub-Lease Event of Default under any Sub-Lease for that Aircraft which is then continuing (which notice shall contain reasonably sufficient detail of the nature of that Notifiable Sub-Lease Event of Default, the circumstances

giving rise to it (if known) and the steps which the relevant Lessee is taking in connection with it); and

(b) of that Notifiable Sub-Lease Event of Default ceasing to occur,

and that Lessee shall, for so long as any such Notifiable Sub-Lease Event of Default is continuing, as soon as reasonably practicable provide to the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent in writing any information in connection therewith, which is available to it and subject to any confidentiality restrictions, which the ECA Agent (acting upon the instructions of the National Agents) or (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent may from time to time reasonably request;

8.6.3 at any time when clause 8.6.8(b) applies and for so long as the relevant Trigger Event is continuing, notify the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent in writing, as soon as reasonably practicable after it becomes aware thereof, of:

(a) any sub-lessee furnished equipment installed on that Aircraft at the time at which it is delivered under a Sub-Lease; and

(b) the installation on that Aircraft at any time of any other leased equipment to which the relevant Borrower shall not take title,

and which (in either such case) has a value greater than the Damage Notification Threshold;

8.6.4 procure that, as at the redelivery date under any Sub-Lease or Sub-Sub-Lease of that Aircraft, either:

(a) any sub-lessee furnished equipment is removed from that Aircraft and that Aircraft is restored to the condition it was in immediately prior to the installation of that equipment; or

(b) title to that sub-lessee furnished equipment is transferred to the relevant Borrower free of all Liens (other than Permitted Liens);

8.6.5 inform the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent if it is repossessing that Aircraft from a Sub-Lessee or Sub-Sub-Lessee and, upon receipt of any request from the ECA Agent or (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, respond as soon as reasonably practicable to such issues as the ECA Agent or (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent may reasonably request further information on in respect of that repossession;

8.6.6 inform the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent as soon as reasonably practicable after it becomes aware of any:

(a) Lien which has arisen over or in respect of that Aircraft or any part thereof other than any Permitted Lien; or

(b) steps being taken by the holders of any Lien (including any Permitted Lien referred to in paragraph (b), (c), (d) or (e) of the definition thereof) to exercise or enforce that Lien or any rights in respect thereof;

8.6.7 at no time (other than as directed or consented to in writing by the Security Trustee) consent to any amendment, alteration, waiver, novation or substitution of any Sub-Lease, Sub-Sub-Lease, Assignment of Insurances, Deregistration Power of Attorney,

Sub-Lease Credit Document or Subordination Acknowledgement, or give any approval or consent or permission or make any determination or election provided for in any Sub-Lease, Sub-Sub-Lease, Assignment of Insurances, Deregistration Power of Attorney, Sub-Lease Credit Document or Subordination Acknowledgement, in each case, to the extent that that waiver, consent, amendment, alteration, novation, substitution, approval or permission:

(a) in the case of any Sub-Lease Credit Document, is not in accordance with the Standard:

(b) in the case of any Sub-Lease or Sub-Sub-Lease, will result in the relevant Sub-Lease or Sub-Sub-Lease not complying with the Sub-Lease Requirements;

(c) in the case of any Deregistration Power of Attorney or Subordination Acknowledgement, would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions; and/or

(d) is of or relates to an Assignment of Insurances and/or any provision of any Sub-Lease which relates to Insurances; and

8.6.8 if a Trigger Event occurs and is continuing then, in relation to each of the Aircraft:

(a) if requested by the ECA Agent and/or (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, debis will consult with the ECA Agent and (if applicable) the Mismatch Agent, each party acting in good faith, for a period of up to thirty (30) days (or such longer period as debis, the ECA Agent and (if applicable) the Mismatch Agent may agree), to determine whether any additional security is required in relation to the financing of that Aircraft; and

(b) if, at the end of such consultation period ("**Specified Date**"), the ECA Agent and/or (if applicable) the Mismatch Agent has determined that additional security is required but debis, the ECA Agent and (if applicable) the Mismatch Agent have not reached agreement on the nature of and/or the timing for provision of that additional security, then the Lessee for that Aircraft shall as soon as reasonably practicable:

(i) open a Sub-Lease Account for that Aircraft and execute a Sub-Lease Account Charge over that Sub-Lease Account. The Sub-Lease Account Charge will provide for (without limitation) the provision to the Security Trustee by the Sub-Lease Account Bank of monthly statements of all deposits, transfers and withdrawals and such other information concerning the Sub-Lease Account as the Security Trustee may from time to time reasonably request. In addition, debis shall provide to the Security Trustee, at or about the same time as each such monthly statement, an explanation in reasonable detail of the nature of all deposits, transfers and withdrawals identified in that monthly statement and such other information concerning the Sub-Lease Account as the Security Trustee may from time to time reasonably request. The Security Trustee shall be entitled to rely on all such information provided to it by the Sub-Lease Account Bank and/or debis without further enquiry and shall have no liability to any party hereto if any such information proves not to have been correct;

(ii) deposit, and direct the Sub-Lessee of that Aircraft to deposit, in the relevant Sub-Lease Account, all cash deposits, Maintenance Reserves and any other Sub-Lessee Security in the form of cash which may (A) have been received by that Lessee from a Sub-Lessee of that Aircraft, and not been reimbursed to that Sub-Lessee, at any time on or prior to the Specified Date, and/or (B) at any time be received by or paid for the account of that Lessee by, from or on behalf of any Sub-Lessee of that Aircraft after the Specified Date and for so long as the Trigger Event is continuing. Upon the cessation of the relevant Trigger Event, the provisions of this clause 8.6.8(b) shall no longer apply and the Security Trustee will as soon as reasonably practicable pay or direct the Sub-Lease Account Bank to pay to the Lessee, to such account as it may direct, the balance then standing to the credit of each Sub-Lease Account; and

(iii) if requested by the Security Trustee, deposit with the Security Trustee the originals of all letters of credit and other Sub-Lease Credit Documents which may

at any time have been or be provided to or for the account of that Lessee (or any other person on its behalf) by a Sub-Lessee of that Aircraft and execute or procure the execution in favour of the Security Trustee of an irrevocable power of attorney with respect to such letters of credit and other Sub-Lease Credit Documents, together with such other documents as the Security Trustee (acting reasonably) may require in order to ensure that the Security Trustee is able to draw amounts under such letters of credit and other Sub-Lease Credit Documents. Upon any cessation of the relevant Trigger Event, the foregoing documents shall be as soon as reasonably practicable returned by the Security Trustee to debis.

In the event that that Lessee is entitled to make a claim under any such letter of credit or other Sub-Lease Credit Document, it shall as soon as reasonably practicable notify the Security Trustee. The Security Trustee shall as soon as reasonably practicable take such action, at the request of that Lessee and at the cost of the Borrowers, as shall be necessary to enable that Lessee to make the relevant claim, provided that that Lessee shall ensure that any amounts paid under any such letters of credit or other

Sub-Lease Credit Documents shall be paid to the relevant Sub-Lease Account for application in accordance with this clause 8.6.8.

In the event that the Lessee of that Aircraft becomes obliged, pursuant to the terms of the relevant Sub-Lease of that Aircraft, to return any cash deposits, any other Sub-Lessee Security, any Maintenance Reserves or any Sub-Lease Credit Documents paid to the Sub-Lease Account or deposited with the Security Trustee pursuant to the foregoing provisions of this clause 8.6.8, or make any payment determined on the basis of the amount of such cash deposits, other Sub-Lessee Security, Maintenance Reserves or Sub-Lease Credit Documents, to a Sub-Lessee, or that Lessee itself incurs expenditure in respect of the Aircraft in circumstances where that Lessee would be entitled, in the absence of the provisions of this clause 8.6.8, to use such cash deposits, other Sub-Lessee Security, Maintenance Reserves or Sub-Lease Credit Documents in reimbursement of or application towards that expenditure, the Security Trustee shall, to such extent and as soon as reasonably practicable:

(A) return such cash deposits, other Sub-Lessee Security, Maintenance Reserves or Sub-Lease Credit Documents to that Sub-Lessee or direct the Sub-Lease Account Bank to do so; or

(B) (provided that no Cross Collateralisation Event has occurred and is continuing) reimburse the same to that Lessee or direct the Sub-Lease Account Bank to do so,

subject to that Lessee having certified in writing to the Security Trustee that that Lessee has become so obliged (in the case of (A)) or has incurred that expenditure (in the case of (B)).

In addition, if the relevant Sub-Lessee shall have defaulted in the payment of rent under the relevant Sub-Lease, the Security Trustee shall, at the written request from time to time of the relevant Lessee (which written request may be given at any time after such default), release and pay to that Lessee or direct the Sub-Lease Account Bank to do so, from any cash deposits and/or other Sub-Lessee Security paid to or deposited with the Security Trustee pursuant to the foregoing provisions of this clause 8.6.8, an amount equal to the lesser of (A) the total amount of all such defaulted rent payments attributable to any period prior to the ECA Repayment Date immediately preceding that written request (as certified by that Lessee in that written request), (B) such lesser amount as may be requested by that Lessee in that written request, and (C) the amount of rent paid by that Lessee to the relevant Borrower under the Lease for that Aircraft on the ECA Repayment Date immediately preceding that written request. There shall be no limit to the number of requests which may be submitted by a Lessee under this paragraph and the maximum referred to in (C) of this paragraph shall not prevent the relevant Lessee from including in any subsequent written request under this paragraph any amount of unpaid rent under the relevant Sub-Lease attributable to any prior period in respect of which it has not already received payment from or at the direction of the Security Trustee.

For the avoidance of doubt, the Security Trustee shall in no circumstances be obliged at any time to pay or direct the Sub-Lease Account Bank to pay any amount to any person pursuant to the foregoing provisions of this clause 8.6.8 to the extent that such amount exceeds the amount of cash deposits, other Sub-Lessee Security and (if applicable) Maintenance Reserves in relation to the relevant Aircraft received by the Security Trustee and/or in the relevant Sub-Lease Account prior to that time under this clause 8.6.8 and not prior to that time paid or reimbursed by or at the direction of the Security Trustee to any person under this clause 8.6.8.

8.7 Further provisions relating to Sub-Leases

8.7.1 The Finance Parties acknowledge that debis and/or any Lessee may, in relation to a particular Aircraft, from time to time, request the approval, consent, waiver or agreement of the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent in respect of any of the matters referred to in this clause 8, including any request for a deviation from the requirements of the Sub-Lease Requirements. Any such request shall be addressed to the Security Trustee and shall be dealt with by the Security Trustee (on behalf of and in conjunction with the relevant Agent). debis, the Security Trustee and the relevant Finance Parties agree to consult each other and with the Export Credit Agencies in good faith, each acting reasonably, in relation to any such request.

8.7.2 If debis and/or any Lessee makes any request pursuant to clause 8.7.1 for a deviation from the Sub-Lease Requirements, the consultation period referred to in clause 8.7.1 shall be ten (10) Banking Days or such longer period as debis and/or the relevant Lessee may request (each acting reasonably).

8.7.3 For the avoidance of doubt, nothing in this clause 8 shall prevent any Lessee or debis from entering into any contract and/or documentation with a proposed Sub-Lessee in relation to a proposed Sub-Lease which does not comply with the Sub-Lease Requirements (but not, for the avoidance of doubt, actually leasing an Aircraft to a Sub-Lessee pursuant to that contract and/or documentation or otherwise) if the parties' rights and obligations under that contract and/or documentation are expressed to be subject to the consent of the Security Trustee to the relevant deviation from the Sub-Lease Requirements.

8.8 Matters relating to Notices and Acknowledgements

A Lessee shall be entitled to deviate from the terms of any notice or acknowledgement attached to any Security Document in order to accommodate the reasonable requests of any Sub-Lessee, Sub-Sub-Lessee or Insurer or any other person (other than an Obligor) to whom such notice is addressed or who is to execute such acknowledgement, provided always that no such deviation:

8.8.1 is inconsistent with the Standard; and

8.8.2 would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected.

8.9 Insurances

The Lessee of an Aircraft shall, prior to the delivery of that Aircraft under any Sub-Lease or Sub-Sub-Lease, provide the Security Trustee with (in each case, in English or accompanied by a certified translation into English) certificates of insurance and a broker's or insurer's letter of undertaking that evidence to the satisfaction of the Security Trustee that the insurances required by this Agreement will continue in full force after the delivery of that Aircraft to the Sub-Lessee or Sub-Sub-Lessee (as applicable).

9 Change of ownership and/or leasing structure with respect to an Aircraft

9.1 Acknowledgement of need for changes

The Finance Parties hereby acknowledge that it may be necessary, from time to time during the Security Period, to change the ownership and/or leasing structure with respect to any Aircraft. Each Obligor which is a party hereto hereby acknowledges that, pursuant to clause 8.2, the ECA Agent and/or (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent may require a change in the Borrower for an Aircraft in the circumstances referred to in clause 8.2. In any such case, the following provisions of this clause 9 shall apply.

9.2 Consent

The Finance Parties hereby agree to consent to any change of ownership and/or leasing structure with respect to any Aircraft, including without limitation a transfer of the relevant Lease to another Lessee or the transfer of the shares of the relevant Lessee to another Lessee or to debis or another Lessee Parent, as the case may be (provided that, in the case of any change of Sub-Lessee, the provisions of clause 8.2 instead shall apply), and co-operate in a timely manner with the relevant Lessee to give effect to that change, provided that the following conditions are satisfied:

9.2.1 debis shall have given to the ECA Agent and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent thirty (30) Banking Days' written notice prior to the proposed effective date of the proposed change ("**Proposed Effective Date**") details of the following:

(a) the affected Aircraft;

(b) the proposed change in the ownership and/or leasing structure, each affected Borrower, each affected Lessee and each other person that will play a role in the proposed ownership and/or leasing structure with respect to that Aircraft (including, without limitation, each proposed new Borrower and/or new Lessee);

(c) if the change involves a change of, or a new, Borrower and/or Lessee:

(i) the identity and ownership structure of the new Borrower and/or Lessee; and

(ii) its proposed State of Incorporation;

9.2.2 debis shall have agreed the following with the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent) at least ten (10) Banking Days prior to the Proposed Effective Date:

(a) if the change involves a change in ownership of the affected Aircraft, the documentation pursuant to which title to the affected Aircraft will be transferred from one Borrower to another Borrower;

(b) all Borrower Novations and Lessee Novations (if any) required in connection with the change;

(c) if the change involves a change of, or a new, Borrower and/or Lessee:

(i) such other documents as the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent) shall reasonably require to ensure that the Finance Parties and, in the case of any change in, or new, Lessee, the relevant Borrower will be in no worse position than they would have been in the absence of that change; and

(ii) such legal opinion or opinions as the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent) shall reasonably require to demonstrate that the Finance Parties and, in the case of any change in, or new, Lessee, the relevant Borrower will be in no worse position than they would have been in the absence of that change;

(d) if the change involves the introduction of any Alternative Obligor into such ownership and/or leasing structure, the requirements set out in clause 9.3 shall have been satisfied;

9.2.3 the Borrower in respect of that Aircraft shall have paid:

(a) to the Security Trustee and the German Parallel Lender in full on or prior to the Proposed Effective Date such fees in connection with that proposed change as are agreed from time to time pursuant to the Fees Letters; and

(b) to the Export Credit Agencies in full on or prior to the Proposed Effective Date all reasonable fees charged by the relevant Export Credit Agency in connection with, and notified by them to debis in advance of, that proposed change;

9.2.4 if the change involves the introduction of a tax lease structure in respect of that Aircraft, the revised structure shall (subject always to clause 9.2.5) reflect any absence of cross-default or cross-collateralisation, as between that Aircraft and the other Aircraft; and

9.2.5 the Export Credit Agencies, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent shall have consented in writing to the change.

Any change in ownership and/or leasing structure satisfying the requirements of this clause 9.2 is referred to as a "**Permitted Change**".

9.3 Alternative Obligors

9.3.1 debis shall be entitled to request that an Alternative Obligor be incorporated into the ownership and/or leasing structure in respect of an Aircraft.

Any such request shall be made by debis by written notice to the Security Trustee (an "**Alternative Obligor Request**"). The Alternative Obligor Request shall identify the following:

(a) its proposed State of Incorporation;

(b) in the case of an Alternative Borrower, the identity of the Alternative Borrower Manager and the Alternative Borrower Trustee; and

(c) in the case of an Alternative Lessee, the role which that party is intended to take in the leasing structure with respect to that Aircraft.

The Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent) shall consider that request in good faith taking into account the matters referred to above. Subject to the Security Trustee receiving instructions from the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, the Security Trustee shall inform debis within fifteen (15) Banking Days of receipt of an Alternative Obligor Request in respect of an Alternative Lessee and within thirty (30) Banking Days of receipt of an Alternative Obligor Request in respect of an Alternative Borrower as to whether the Alternative Obligor Request has been approved by the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent.

9.3.2 Each Alternative Obligor shall be capable of providing representations, warranties, undertakings and covenants having substantially the same effect as those given by the relevant Obligors in clauses 6 and 7. Each Alternative Lessee shall be a direct or indirect and wholly-owned Subsidiary of debis.

9.3.3 Each Alternative Borrower shall be a company whose shares are held by (a) the Trustee or another trustee approved by the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and the Mismatch Agent) on trust for charitable

purposes, or (b) the Principal Borrower. Each Alternative Borrower shall be managed by the Initial Manager or another established and recognised management company acceptable to the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and the Mismatch Agent) and on terms either pursuant to the Initial Administration Agreement (where the manager is the Initial Manager) or otherwise on terms substantially similar to the Initial Administration Agreement.

9.3.4 debis shall procure that the Security Trustee is provided with the following documents and evidence, in form and substance satisfactory to the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent) no later than fifteen (15) Banking Days prior to the Proposed Effective Date (or such later date as the Security Trustee (acting on the instructions of the National Agents, the German Parallel Lender and (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent) and debis may agree):

(a) an Accession Deed duly executed by the parties thereto;

(b) an Alternative Lessee Share Charge or, as applicable, an Alternative Borrower Share Charge duly executed by the parties thereto over the entire issued share capital of the Alternative Obligor together with certified copies of the minute books and the share register (if any) of the Alternative Obligor and the originals of the share certificates of the Alternative Obligor referred to therein and duly executed originals of the letters of resignation, irrevocable proxies and undated share transfer forms referred to therein;

(c) in the case of an Alternative Borrower;

(i) an Alternative Borrower Floating Charge together with any documents deliverable therewith;

(ii) a Security Assignment duly executed by the parties thereto, together with duly executed notices and acknowledgements referred to therein, in each case, duly perfected and (if applicable) registered in all applicable jurisdictions;

(iii) an English Law Mortgage, an English Law Mortgage Letter and (subject to clause 16.6) a Mortgage, each duly executed by the parties thereto and, in the case of the Mortgage (if any), duly perfected and registered in the State of Registration; and

(iv) either an accession deed whereby the Alternative Borrower accedes to the Initial Administration Agreement (where the Alternative Borrower is managed by the Initial Manager) or an Alternative Borrower Administration Agreement duly executed by the Alternative Borrower Manager and the other parties thereto, on the terms required by clause 9.3.3 (in all other circumstances), (except where the shares in the Alternative Borrower are held by the Principal Borrower) an Alternative Declaration of Trust duly executed by the Alternative Borrower Trustee and an Alternative Borrower Comfort Letter duly executed by the Alternative Borrower Manager;

(d) in the case of an Alternative Lessee, a Lessee Assignment duly executed by the parties thereto, together with duly executed notices and acknowledgements referred to therein, in each case, duly perfected and (if applicable) registered in all applicable jurisdictions;

(e) if any Intermediate Lease will be entered into:

(i) an Intermediate Lessee Assignment duly executed by the parties thereto, together with duly executed notices and acknowledgements referred to therein, in each case, duly perfected and (if applicable) registered in all applicable jurisdictions;

(ii) a draft of that Intermediate Lease evidencing that (A) that Intermediate Lease is made between two Lessees, and (B) that Intermediate Lease is expressly subject and subordinate to the Lease for that Aircraft; and

(iii) a legal opinion from legal counsel reasonably acceptable for the Security Trustee in all relevant jurisdictions addressed to the Security Trustee (in form and substance reasonably satisfactory to the Security Trustee) confirming that that Intermediate Lease shall be recognised as being subject and subordinate to the Lease for that Aircraft pursuant to the Applicable Laws of that jurisdiction;

(f) any such novations, assignments or other documents as may be required in order to make the Alternative Obligor a party to the Airframe Warranties Agreement and the Engine Warranties Agreement, in each case, for that Aircraft;

(g) a certificate signed by a director of the Alternative Obligor and, in the case of an Alternative Borrower, the relevant Alternative Borrower Trustee, setting out, in each case, the specimen signature of those persons authorised to sign the Transaction Documents to which the Alternative Obligor is or is to be a party and attaching, in each case, Certified Copies of the following (or their equivalent):

(i) the certificate of incorporation of the Alternative Obligor together with its constitutional documents;

(ii) the resolutions of the board of directors and shareholders of the Alternative Obligor approving the execution and performance by it of each Transaction Document to which it is or is to be a party;

(iii) the resolutions of the owner of the entire issued share capital of the Alternative Obligor approving the execution and performance by that person of each Transaction Document to which it is or is to be a party; and

(iv) a power of attorney appointing those persons authorised to sign on behalf of the Alternative Obligor each Transaction Document to which it is, or is to be, a party;

(h) if the Alternative Obligor is to be incorporated in the Cayman Islands, a certificate of exemption in respect of the Alternative Obligor from the appropriate Cayman Islands authorities;

(i) a legal opinion from in-house counsel to debis as to the due execution by debis of the Accession Deed, in form and substance reasonably acceptable to the Security Trustee;

(j) a legal and tax opinion from reputable counsel acceptable to the Security Trustee in the State of Incorporation of the Alternative Obligor, in form and substance reasonably acceptable to the Security Trustee; and

(k) a legal opinion from Norton Rose, counsel to the Lenders, as to English law, in form and substance reasonably acceptable to the Security Trustee.

9.3.5 Each debis Obligor other than the Alternative Obligor hereby irrevocably authorises debis to execute any duly completed Accession Deed on its behalf. Each Finance Party and each Borrower other than the Alternative Obligor hereby irrevocably authorises the Security Trustee to execute any duly completed Accession Deed on its behalf. Upon receipt by the Security Trustee of the Accession Deed signed by debis and the Alternative Obligor, the Security Trustee shall sign the same for itself and on behalf of the other Finance Parties and the Borrowers other than the Alternative Obligor and shall as as soon as reasonably practicable give notice of that execution to all of the parties to the Accession Deed. Upon execution of any such Accession Deed, it shall take effect in accordance with, but subject to, the terms hereof and thereof.

9.3.6 It is agreed that where an Aircraft is to be registered with the FAA, title to the relevant Aircraft may be held by a professional US owner trustee pursuant to a US ownership trust arrangement under which the relevant Borrower shall be the owner participant (such owner trustee and ownership trust arrangement to be satisfactory to the Security Trustee, acting on the instructions of the National Agents, the German Parallel Lender and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent, each acting reasonably). The provisions of clause 9.3.1 relating to the submission, consideration and approval of an Alternative Obligor Request shall apply in relation to any written request by debis to utilise such an arrangement and the provisions of the Transaction Documents relating to ownership and registration of that Aircraft and the taking of security over that Aircraft shall be construed accordingly. The parties hereto agree and acknowledge that the use of such an ownership trust arrangement may result in a need for security alternative and/or additional to that contemplated by the relevant foregoing provisions of this clause 9.

9.4 Consummation of Permitted Change

Provided that all of the documents and opinions referred to in clauses 9.2.2 and, if relevant, 9.3 relating to a Permitted Change have been agreed with all relevant parties in accordance with such clauses and the fees payable pursuant to clause 9.2.3 have been paid, the affected Obligors may and, at the request of the relevant Lessee and at the cost of the Borrowers, the affected Obligors and the Finance Parties shall consummate that Permitted Change on the date specified by debis (which shall be a Banking Day occurring no earlier than the Proposed Effective Date and no later than the date falling forty five (45) days after the Proposed Effective Date) and, simultaneously therewith, debis will deliver to the Security Trustee originals or Certified Copies of all such documents and opinions.

9.5 Co-operation

Each of the Finance Parties agrees, at the request of debis and at the cost of the Borrowers, to do such acts and things and execute such documents as may reasonably be required to complete any Permitted Change, subject to and in accordance with the provisions of this clause 9.

9.6 Matters relating to the Borrower Trustee and the Manager

9.6.1 If:

(a) any Borrower Trustee or Manager defaults in the performance of any of its material obligations under any Transaction Document to which it is a party and such default is not remedied within thirty (30) days of notice thereof from the Security Trustee (with a copy to debis); or

(b) a Winding Up (as defined in clause 3.2 of the Initial Administration Agreement) occurs and is continuing with respect to any Borrower Trustee or Manager; or

(c) the ultimate beneficial owner of any Borrower Trustee or Manager (being the person who issues the relevant Comfort Letter in respect of any Borrower Trustee or Manager) notifies any party hereto that it proposes to dispose of all or any of its shares in the relevant Borrower Trustee or Manager,

each of the Finance Parties and debis agrees as follows:

(i) as soon as reasonably practicable upon becoming aware of such default, Insolvency Event or disposal, it will notify each other of the same and thereafter consult with each other in good faith for a period of up to sixty (60) days or, in the case of paragraph (c) above, six (6) weeks (or, in either such case, such longer period as debis and the Security Trustee may agree) as to the most appropriate course of action with regard to such default, Insolvency Event or disposal and will take such steps as are reasonable and open to them, at the cost of the Borrowers, to mitigate the effect of such default, Insolvency Event or disposal

subject always to the proviso to clause 10.1.4 and the conditions set forth in clause 10.2. Without limiting the foregoing (but subject always to the proviso to clause 10.1.4 and clause 10.2), debis and the Finance Parties will consider whether action should be taken to:

(A) terminate any applicable Administration Agreement or the appointment of the Manager thereunder or replace the defaulting Manager and defaulted Administration Agreement with an alternative manager and administration agreement acceptable to debis and the Security Trustee (both acting reasonably); and/or

(B) preserve or enforce the rights of the Security Trustee under any Borrower Share Charge, including action to have the shares in the relevant Borrower which are subject to such Borrower Share Charge transferred to another person acceptable to debis and the Security Trustee (both acting reasonably), to be held on trust on terms substantially the same as the Declaration of Trust for the relevant Borrower and subject to a further share charge on terms substantially the same as the related Borrower Share Charge; and

and if such action is considered appropriate by debis and agreed to by the Security Trustee, then debis and/or the Security Trustee shall take such steps as are open to them, at the cost of the relevant Borrower(s), to effect such termination, replacement, preservation, enforcement and/or transfer; and

(ii) if at the end of the consultation period referred to above the relevant default, Insolvency Event or disposal is still subsisting and the same has not been mitigated as contemplated by the foregoing provision, the Security Trustee shall, if the ECA Agent and (if the relevant Aircraft is a Mismatch Aircraft) the Mismatch Agent consider that the same would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions, be entitled to declare a Mandatory Prepayment Event with respect to the relevant Aircraft.

9.6.2 Notwithstanding any provision of any Transaction Document to the contrary, the Finance Parties and debis agree that if debis considers it appropriate that action is taken to:

(a) terminate any Administration Agreement and replace that Administration Agreement with an alternative manager and/or administration agreement acceptable to Security Trustee (acting reasonably) or terminate the appointment of any Manager and replace that Manager with an alternative manager acceptable to Security Trustee (acting reasonably); and/or

(b) preserve or enforce the rights of the Security Trustee under any Borrower Share Charge, including action to have the shares in the relevant Borrower which are subject to that Borrower Share Charge transferred to another person acceptable to debis and the Security Trustee (both acting reasonably), to be held on trust on terms substantially the same as the Principal Declaration of Trust and subject to a further share charge on terms substantially the same as that Borrower Share Charge,

in each case, at a time when no Lease Termination Event has occurred and is continuing and as a result of concerns that debis may have in relation to the continuation of the participation of a particular Manager or Borrower Trustee in the transactions contemplated by the Transaction Documents, debis shall be entitled to take, or direct the Security Trustee to take, such action, and the Security Trustee shall take such action as is available to it as soon as reasonably practicable after being required to do so by debis. The relevant

Borrower(s) agrees to indemnify the Security Trustee in respect of all Losses and Expenses suffered or incurred as a result of the Security Trustee taking any such action.

9.6.3 Each of the parties hereto agrees, at the cost of the relevant Borrower(s), to enter into or approve the execution of such documentation (including amendments to any of the Transaction Documents) as may be required in order to implement the arrangements contemplated by clause 9.6.1 or 9.6.2.

9.6.4 At all times when no Lease Termination Event has occurred and is continuing, the consent of debis shall be required for the appointment of any new Manager or new Borrower Trustee.

10 Mitigation

10.1 General

If:

10.1.1 a Borrower Termination Event occurs in relation to an Aircraft; or

10.1.2 as a result of a Change in Law, any of the Security Documents for an Aircraft, at any time and for any reason, ceases to be valid or enforceable in accordance with its terms; or

10.1.3 any Obligor becomes obliged to make any payment or any increased payment under any of clauses 4.7, 9.1, 9.7 or 10.1 of a Loan Agreement for an Aircraft or any of clauses 8.8, 13.1 or 13.2 of the Lease for an Aircraft; or

10.1.4 clause 10.2 or clause 10.3 of the Loan Agreement for an Aircraft applies,

(each a "**Relevant Circumstance**") then, without in any way limiting, reducing or otherwise qualifying the rights and obligations of the Finance Parties under any provision of the Transaction Documents, any party hereto who is aware of the same will, upon becoming aware of the same, notify the other parties hereto thereof and, for a period of up to sixty (60) days, and subject as provided in clause 10.2, the Finance Parties agree that they will not take any action which will result in the acceleration of any Loan, and that the provisions of clauses 13.5 and 13.6 (except to the extent that such clauses relate to Notices of Reservation of Rights) shall not apply, by reason of the Relevant Circumstance and that they will take such steps as are reasonable and as may be open to them to mitigate the effects of that circumstance (including the restructuring of the transactions hereby contemplated in a manner which will avoid the circumstance in question (which may include a change in the identity of one or more of the Lenders) and on terms which the Finance Parties and debis consider reasonable), provided that (and the following proviso shall also apply to clause 9.6):

(a) no party shall be under any obligation to take any such action if to do so would have a material adverse effect on its business, operations or financial condition or the financial basis under which the Transaction Documents have been entered into or would entail any cost, Loss, Expense or Tax to that party (unless, in the case of an adverse effect on that financial basis, or cost, Loss, Expense or Tax, the relevant party shall have been indemnified or otherwise secured to its satisfaction by the Borrowers, who shall have received a counter-indemnity from the Lessees which shall have been guaranteed by debis under the Guarantee); and

(b) the parties shall not be under any obligation to achieve any particular result nor shall any of them incur any liability to any Obligor by virtue of the steps taken or such steps resulting in less than complete mitigation.

10.2 Conditions - general

The agreement of the parties set forth in clauses 9.6 and 10.1 is subject to the conditions that:

10.2.1 at the relevant time, no Lease Termination Event, Mandatory Prepayment Event for that Aircraft (other than a Mandatory Prepayment Event of the nature referred to in paragraph (c) or (d) of the definition thereof) or Total Loss of that Aircraft shall have occurred and be continuing;

10.2.2 no action to be taken under, or any delay in any action as a result of the operation of, clause 9.6 or 10.1 (as applicable) would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions;

10.2.3 all amounts due and payable, or expressed to be due and payable, to each party pursuant to the Transaction Documents at the relevant time shall have been paid to them; and

10.2.4 no Applicable Law shall prevent any party from performing its obligations under clause 9.6 or 10.1 (as applicable).

11 Contest

11.1 Each of the Finance Parties hereby agrees that, if any Obligor is required to indemnify such Finance Party for any Loss under clause 9.1 of any Loan Agreement and/or clause 13.2 of any Lease, so long as no Lease Termination Event has occurred and is continuing, any Lessee and any Sub-Lessee shall have the right to investigate and the right in its sole discretion and its own name to defend or compromise any such Loss and such Finance Party shall co-operate, at the Borrowers' expense, with all reasonable requests of such Lessee in connection therewith. Such co-operation will include, without limitation, the relevant Finance Party providing such details as are available to it (free from confidentiality restrictions) of the relevant events and circumstances, the relevant Finance Party notifying the relevant Lessee of its proposed course of action in relation to the claim which forms the basis of the Loss and the relevant Finance Party reviewing any representations from any Lessee or any Sub-Lessee (or their respective counsel) as to the legal basis of such claim and responding to all reasonable questions from any Lessee or any Sub-Lessee generally in relation to such claim. Each of the Finance Parties agrees that, if it is not possible under Applicable law for a Lessee and/or Sub-Lessee to defend or compromise any Loss of the nature indemnified under clause 9.1 of any Loan Agreement and/or clause 13.2 of any Lease in its own name, the relevant Lessee will consult with, consider representations from and discuss with such Finance Party, in each case in good faith, with a view to determining whether and, if so, on what basis such Finance Party may be prepared to defend or compromise such Loss in it own name and if, following such good faith consultation, such Finance Party determines that it is not prepared to defend or compromise such Loss in its own name then such Finance Party shall be under no obligation to defend or compromise such Loss in its own name.

11.2 No Finance Party shall be obliged to provide any co-operation pursuant to clause 11.1 unless (i) the relevant Lessee shall indemnify such Finance Party to its reasonable satisfaction against all Losses which the Finance Party may incur in connection with, or as a result of, contesting such Loss or taking such action, including, without limitation, all legal and accountancy fees and disbursements, and the amount of any interest payments or penalties which may be payable or any other loss or damage whatsoever which may be incurred as a result of contesting such claim or taking such action and (ii) if such contest is to be initiated by the payment of, and the

claiming of a refund for, such Losses, the relevant Lessee shall have advanced to such Finance Party sufficient funds (on an interest free basis and if such advance results in taxable income to such Finance Party on an after Tax basis) to make such payment. Nothing herein shall require such Finance Party to take or refrain from taking any action or do anything pursuant to clause 11.1 (i) which would (or might), in the reasonable opinion of such Finance Party, entail any material risk of civil or criminal liability to any Obligor or any Finance Party or (ii) if, judged by reference to the generally accepted practice in the aviation finance market at such time, it would be materially prejudicial to such Finance Party's interests. If such Finance Party shall obtain a refund of all or any part of any such Losses which any Obligor shall have paid, such Finance Party shall as soon as reasonably practicable pay to the relevant Lessee an amount which such

Finance Party determines will leave such Finance Party in no better or worse position than it would have been had there been no claim against such Finance Party for such Losses.

11.3 Each Finance Party shall take such action as it may, in good faith, deem reasonable under the circumstances to mitigate any indemnification obligation of the Obligors under clause 9.1 of any Loan Agreement and/or clause 13.2 of any Lease, provided that the failure of such Finance Party to take any such mitigation action shall not reduce, diminish or otherwise affect the obligation of the relevant Obligors to indemnify such Finance Party pursuant to clause 9.1 of the relevant Loan Agreement and/or clause 13.2 of any Lease.

11.4 The provisions of clause 11 shall not apply to any Export Credit Agency which may become a party to this Agreement.

11.5 Each Borrower agrees to extend the same contest and mitigation rights, mutatis mutandis, to each Lessee and Sub-Lessee as those set out in clauses 11.1 and 11.3, as if all references therein to the "Finance Parties" were references to that Borrower.

12 Covenants - Finance Parties

12.1 Quiet enjoyment - Lessee

So long as no Lease Termination Event has occurred and is continuing, each Finance Party agrees that neither it, nor any person lawfully claiming through that Finance Party, will interfere with the quiet use, possession and enjoyment of an Aircraft which is then subject to the security constituted by the Security Documents by any Lessee, any Sub-Lessee or any Sub-Sub-Lessee of that Aircraft.

12.2 Quiet enjoyment - Sub-Lessees

The Finance Parties and the Borrowers acknowledge that a Sub-Lessee of an Aircraft which is then the subject of an ECA Loan and/or a Mismatch Loan may request the Lessee of that Aircraft to procure the execution and delivery of a quiet enjoyment undertaking by the Finance Parties, or by the Security Trustee on their behalf, and by the relevant Borrower. The Finance Parties and the Borrowers agree that they shall, as soon as reasonably practicable following a request by that Lessee, grant, or (in the case of the Finance Parties only) shall instruct the Security Trustee to grant, a quiet enjoyment undertaking to that Sub-Lessee, in the same terms mutatis mutandis as the Quiet Enjoyment Undertaking, provided that all provisions of the Sub-Lease Requirements in relation to the sub-leasing of that Aircraft to that Sub-Lessee are satisfied in full or waived in accordance with clause 8.7. The Finance Parties and the Borrowers agree that they shall perform their respective obligations under each Quiet Enjoyment Undertaking.

12.3 Non-receipt of Borrower amounts

If any Agent shall not receive on its due date any amount due or expressed to be due from a Borrower to that Agent (on its own behalf or on behalf of the relevant Lenders or any of them) under the Transaction Documents, that Agent shall as soon as reasonably practicable notify debis in writing of that non-receipt.

12.4 Finance Party Liens

Each Finance Party agrees for the benefit of debis and each Lessee as follows:

12.4.1

(a) it shall not create or permit to arise or subsist any Finance Party Lien (other than any Permitted Finance Party Lien) over or with respect to any Aircraft which is then the subject of an ECA Loan and/or a Mismatch Loan and shall as soon as reasonably practicable, at its own expense, discharge or procure the discharge of any such Finance Party Lien if the same shall exist at any time; and

(b) it will not do, and will use all reasonable endeavours to prevent, any act which could reasonably be expected to result in any Aircraft which is then the subject of an ECA Loan and/or a Mismatch Loan being arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory Finance Party Lien and, if any

such arrest, confiscation, seizure, taking, impounding, forfeiture or detention occurs, it will give debis immediate written notice thereof, and will procure the prompt release of that Aircraft; and

12.4.2 it will comply with the obligations expressed to be assumed by it under the Transaction Documents.

12.5 Direct payments

In circumstances where a payment obligation by a Lessee to a Borrower under the Lease for an Aircraft is matched by a corresponding payment obligation by that Borrower to the Finance Parties under the Loan Agreements for that Aircraft or any other Transaction Document for that Aircraft, payment of that amount by that Lessee direct to the relevant Agent shall (upon receipt thereof by the relevant Agent) be deemed to constitute payment of that amount by that Lessee to that Borrower under that Lease and payment of that amount by that Borrower to the relevant Finance Parties under those Loan Agreements or other Transaction Document (as applicable).

12.6 Release of security

12.6.1 Provided that no Cross Collateralisation Event has occurred and is continuing, upon irrevocable receipt in full by the Security Trustee and/or the Agents of all amounts of principal and interest owing in respect of each Loan for an Aircraft, so that each such Loan shall have been repaid in full, together with all other amounts due but unpaid at that time in respect of each such Loan in accordance with the terms of the Loan Agreements for those Loans, then:

(a) the rights of the Secured Parties (other than the related Lessee) in respect of the Mortgage (if any), the English Law Mortgage, the Security Assignment and the other Security Documents (in each case, to the extent solely relating to the relevant Aircraft) shall thereupon be deemed to be released, terminated and, as the case may be, reassigned; and

(b) the Security Trustee shall confirm in writing to the Lessee for that Aircraft that all such amounts have been paid in full, at which time title to that Aircraft shall be transferred by the relevant Borrower in accordance with the Lease for that Aircraft.

Upon title so transferring, if so requested by that Lessee, the Security Trustee shall, at the cost of the Borrowers, as soon as reasonably practicable release, terminate and, as the case may be, reassign the English Law Mortgage, the Mortgage (if any), each Security Assignment and the other Security Documents (in each case, to the extent solely relating to the relevant Aircraft), and take such other action which that Lessee may reasonably request in order to effect those releases, terminations and reassignments. If the Borrower is the beneficiary of any security constituted by the Security Documents, the Borrower will also thereupon take such other action which that Lessee may reasonably request in order to effect the release, termination and reassignment of the Borrower's interests under the Security Documents, to the extent solely relating to that Aircraft.

12.6.2 Upon an Aircraft ceasing to be leased by the Lessee for that Aircraft to a particular Sub-Lessee under a Sub-Lease and where that Sub-Lessee has returned that Aircraft to that Lessee in accordance with that Sub-Lease:

(a) the Security Trustee and the relevant Borrower agree (at the cost and expense of the Borrowers), if so requested by that Lessee, as soon as reasonably practicable to release and reassign that Sub-Lease, the relevant Assignment of Insurances and the relevant Deregistration Power of Attorney from the security created pursuant to the Lessee Assignment(s) which relates to that Aircraft and the Security Assignment which

relates to that Aircraft and to take such further action as that Lessee may reasonably request in order to effect such releases and reassignments; and

(b) the Security Trustee agrees (at the cost and expense of the Borrowers), if so requested by that Lessee, as soon as reasonably practicable to release any Mortgage for that Aircraft granted to it in connection with the leasing of that Aircraft to that Sub-Lessee and as soon as reasonably practicable to take such further action as that Lessee may reasonably request in order to give effect to that release, provided that the Borrower has, if it is required to do so pursuant to paragraph 1 of schedule 7, granted a new Mortgage for that Aircraft in favour of the Security Trustee in accordance with the provisions of this Agreement and the other Transaction Documents. The foregoing undertakings shall also apply, subject to the related proviso, in circumstances where there is a change of the State of Registration permitted under this Agreement.

12.6.3 Upon title to an Engine or Part transferring to a Lessee pursuant to clause 11.5 of the relevant Lease, if so requested by that Lessee, the Security Trustee shall, at the cost of the Borrowers, as soon as reasonably practicable release, terminate and, as the case may be, reassign the English Law Mortgage and the Mortgage (if any) (in each case, to the extent solely relating to the relevant Engine or Part, and subject always to equivalent security having first been created and perfected over the relacement Engine or Part), and take such other action which that Lessee may reasonably request in order to effect those releases, terminations and reassignments.

12.7 Substitution of Aircraft

12.7.1 Subject to no Cross Collateralisation Event having occurred and continuing, if a Total Loss of an Aircraft occurs or the relevant Lessee otherwise wishes to substitute an Aircraft for the purposes of the Transaction Documents (in each case, the "**Existing Aircraft**"), that Lessee may, by notice to the ECA Agent, (if the Existing Aircraft is or may become a Mismatch Aircraft) the Mismatch Agent and the German Parallel Lender, request permission to substitute for the Existing Aircraft another Airbus

aircraft of the same type or in the same family of aircraft as the Existing Aircraft (the "**Replacement Aircraft**"). The notice shall provide details of the age from delivery by the Manufacturer and number of block hours since the last Heavy Maintenance Check of the proposed Replacement Aircraft. The National Agents, the German Parallel Lender and (if the Existing Aircraft is or may become a Mismatch Aircraft) the Mismatch Agent shall consider any such request in good faith, in accordance with the then current practice of the Export Credit Agencies in relation to the substitution of aircraft, and shall inform that Lessee within twenty one (21) Banking Days of the receipt of that notice as to whether the proposed substitution has been approved and, if approved, the terms upon which that Replacement Aircraft shall be substituted for the Existing Aircraft. The parties to this Agreement acknowledge that the current practice of the Export Credit Agencies is that Export Credit Agency-supported Airbus aircraft may only be substituted in Export Credit Agency-supported facilities by new Airbus aircraft of the same type or in the same family of aircraft as the Existing Aircraft and that any such substitution is, in any event, subject to the approval of the Export Credit Agencies.

12.7.2 Following a request by the relevant Lessee for the substitution of an Aircraft in accordance with clause 12.7.1 following a Total Loss of that Aircraft and if the Total Loss Proceeds for that Total Loss have been paid to the Security Trustee either:

(a) prior to the ECA Agent and (if relevant) the Mismatch Agent respectively informing that Lessee of the National Agents', the German Parallel Lender's and (if relevant) the Mismatch Agent's decision as to that substitution; or

(b) if the National Agents, the German Parallel Lender and (if relevant) the Mismatch Agent have approved the substitution of the Existing Aircraft, prior to the actual substitution of the Existing Aircraft by a Replacement Aircraft,

an amount of the Total Loss Proceeds for that Total Loss equal to the Required Insurance Value ("**Retained Proceeds**") shall remain in the relevant Proceeds Account pending

completion of the substitution (and assuming, in the case of clause 12.7.2(a), that the substitution will be approved) for up to one hundred and eighty (180) days or such other period of time as shall then reflect the then current practice of the Export Credit Agencies as notified to the relevant National Agent and the German Parallel Lender by the relevant Export Credit Agencies. If the Existing Aircraft is then substituted by the Replacement Aircraft in accordance with the approval and terms given or specified pursuant to clause 12.7.1, the Retained Proceeds (together with accrued interest thereon for the period whilst held in the relevant Proceeds Account at the rate agreed between the Security Trustee and that Lessee) shall, subject to the proviso to this clause 12.7.2, be returned to that Lessee. Notwithstanding anything to the contrary herein or in any other Transaction Document, the Obligors agree and acknowledge that the relevant Lessee shall continue to be obliged to pay Rent under and in accordance with the relevant Lease and the relevant Borrower shall continue to be obliged to make all payments of principal and interest falling due under the relevant Loan Agreements, in each case, for the Existing Aircraft, unless and until either (i) the substitution has been completed, from which time the relevant Lessee shall be obliged to pay Rent under and in accordance with the relevant Lease and the relevant Borrower shall be obliged to make all payments of principal and interest falling due under the relevant Loan Agreements, in each case, for the Replacement Aircraft in place of the Existing Aircraft, or (ii) the Retained Proceeds have pursuant thereto been applied in accordance with clause 15.4.

Provided however that, if at any time prior to the actual substitution of the Existing Aircraft by a Replacement Aircraft, a Lease Termination Event shall occur and be continuing, the foregoing provisions of this clause 12.7 shall cease to be of any further application and the Retained Proceeds shall be applied in accordance with clause 15.7.

12.7.3 If at any time the relevant Lessee withdraws its request for substitution following a Total Loss or such request is rejected or such substitution has not been completed within one hundred and eighty (180) days of the submission of the relevant request (or such other period as the parties may agree), then, as soon as reasonably practicable thereafter, the Retained Proceeds (together with accrued interest thereon for the period whilst held in the relevant Proceeds Account at the rate agreed between the Security Trustee and that Lessee) shall be applied in accordance with clause 15.4, and the other provisions of this Agreement and the Transaction Documents relating to a Total Loss shall be implemented, disregarding for this purpose any reference therein to any such substitution.

12.8 Borrower matters

Each Finance Party agrees with debis that, prior to the exercise of any rights, discretions or powers conferred on it under any of the Administration Agreements and/or pursuant to the Declarations of Trust, it shall, if no Lease Termination Event has then occurred which is continuing, consult in good faith with debis as to the manner and nature of such exercise, provided however that the relevant Finance Party shall nevertheless, subject to clause 10, be entitled to exercise such discretion without reference (or, as the case may be, without further reference) to debis if at any time it believes (acting reasonably) that failure to do so would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to any Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions. The foregoing provisions of this clause 12.8 are subject always to the requirements of clause 9.6.

12.9 Transaction Documents

Each of the parties hereto agrees for the benefit of each of the other parties hereto that it will not, other than in accordance with the express terms of the Transaction Documents, terminate, or acquiesce in the termination of, or alter or amend the provisions of, the Transaction Documents or any of them without the prior written consent of each of the other parties hereto.

13 Enforcement of Trust Documents

13.1 No enforcement by Secured Parties

None of the Secured Parties shall have any independent power to enforce any of the Trust Documents, to exercise any rights and/or powers or to grant any consents or releases under or pursuant to any of the Trust Documents or otherwise have direct recourse to the security constituted by any of the Trust Documents. Notwithstanding the foregoing or any other provision of this Agreement or any other Transaction Document, it is hereby acknowledged and agreed that the ECA Agent shall be entitled to send an ECA Acceleration Notice under any ECA Loan Agreement and the Mismatch Agent shall be entitled to send a Mismatch Acceleration Notice under any Mismatch Loan Agreement.

13.2 Acceleration of Loans

Save as expressly provided in this clause 13 and expressly without prejudice to any rights of the Mismatch Agent or the Mismatch Lenders to cancel the Unutilised Mismatch Facility for an Aircraft under the Mismatch Loan Agreement for that Aircraft in accordance with the terms thereof from time to time, none of the Finance Parties shall have any independent power to take any steps to accelerate or demand repayment of any Loan pursuant to any Loan Agreement, or to exercise, save to the extent provided above, any rights or powers or to grant any consents or releases relating to or in connection with the occurrence or existence of any Termination Event.

13.3 Action under Trust Documents

At all times before the Secured Loan Obligations have been fully repaid and discharged, subject to the Security Trustee being indemnified to its satisfaction in accordance with clause 16 and without prejudice to clause 13.5, the Security Trustee shall take such action (including, without limitation, the exercise of all rights and/or powers and the granting of consents or releases) or, as the case may be, refrain from taking such action under or pursuant to the Trust Documents as the Majority Lenders shall specifically direct the Security Trustee (that direction being given in writing through the relevant Agent). At all times after the Secured Loan Obligations have been fully repaid and discharged, subject to the Security Trustee being indemnified to its satisfaction, the Security Trustee shall take such action (including, without limitation, the exercise of all rights and/or powers and the granting of consents or releases) or, as the case may be, refrain from taking such action under or pursuant to the Trust Documents as the relevant Lessee may direct. Unless and until the Security Trustee shall have received such directions or instructions, the Security Trustee shall not be required to take any action under any of the Trust Documents.

13.4 Instructions of Majority Lenders

The Security Trustee shall be entitled (and bound) to assume that any directions received by it from an Agent (or, once the Secured Loan Obligations have been fully repaid and discharged, the relevant Lessee) under or pursuant to this Agreement or any of the other Transaction Documents are the directions of the Majority Lenders (in the case of the directions of the relevant Agent) or, if applicable, the directions of the relevant Agent itself (or, once the Secured Loan Obligations have been fully repaid and discharged, of the relevant Lessee) acting pursuant to the provisions of the Transaction Documents. The Security Trustee shall not be liable to the Secured Parties or any of them for any action taken or omitted under or in connection with this Agreement or any of the other Transaction Documents in accordance with any such directions.

13.5 Action following Termination Event

Subject always to clause 10, if at any time before the Secured Loan Obligations have been fully repaid and discharged any party hereto becomes aware that a Termination Event has occurred and is continuing, that party shall as soon as practicable after becoming aware thereof give written notice to the relevant Borrower, the ECA Agent, the Mismatch Agent and the Security Trustee and the ECA Agent shall thereupon give notice (a "**Notice of Applicable Event**") of the same to the National Agents and if:

13.5.1 within a period of thirty (30) days following the giving of the Notice of Applicable Event by the ECA Agent or the expiry of any period specified in any Notice of Reservation of Rights issued by the Security Trustee pursuant to clause 13.6, the National Agents shall not have given either (i) notice (a "**Notice for Inaction**") to the ECA Agent requiring that action not to be taken, or (ii) notice to the ECA Agent and the Security Trustee requiring the issue of a Notice of Reservation of Rights, or a further Notice of Reservation of Rights, pursuant to clause 13.6; or

13.5.2 any National Agent gives notice (a "**Notice for Action**") in writing to the ECA Agent requiring that action to be taken,

then, upon the expiry of the relevant period referred to in clause 13.5.1 or upon the giving of notice by any National Agent pursuant to clause 13.5.2 (or, if any Notice(s) of Reservation of Rights have been delivered by the Security Trustee pursuant to clause 13.6, upon the expiry of the period specified in the last Notice of Reservation of Rights so delivered by the Security Trustee), to the extent permitted by the Transaction Documents and Applicable Law (and provided that, at the relevant time, that Termination Event is continuing and subject always to clause 10):

(a) an ECA Acceleration Notice shall be deemed to have been given pursuant to and for all purposes of each ECA Loan Agreement and a Mismatch Acceleration Notice shall be deemed to have been given pursuant to and for all purposes of each Mismatch Loan Agreement and the Loans shall become due and payable pursuant to and in accordance with the terms of the Loan Agreements; and/or

(b) the Security Trustee shall ensure that such steps as may be available and as may be prudent are taken to enforce the security constituted, and/or the rights contained, in the relevant Trust Documents,

provided that, for the avoidance of doubt, if any National Agent shall have given a Notice for Action pursuant to this clause 13.5 and any other National Agent shall have given or, as the case may be, shall give a Notice(s) for Inaction pursuant to this clause 13.5 or a Notice of Reservation of Rights pursuant to clause 13.6, the ECA Agent shall disregard the Notice(s) for Inaction and/or Notice of Reservation of Rights and shall act in accordance with the Notice for Action.

13.6 Reservation of rights

Subject to clause 10, if within thirty (30) days after the ECA Agent has given a Notice of Applicable Event, each of the National Agents (at the request of their respective Export Credit Agency) has given to the ECA Agent and the Security Trustee a notice in writing requiring it to do so (provided that the ECA Agent does not receive a Notice for Action pursuant to clause 13.5.2 within that period), the Security Trustee shall by notice in writing to the Lessees and debis (a "**Notice of Reservation of Rights**") reserve all of its rights under the Transaction Documents arising as a consequence of the occurrence of the Termination Event in question and take any such other action as specified in that notice, which notice may (*inter alia*) require the relevant debis Obligor (in the case of a Lease Termination Event) or the relevant Borrower (in the case of a Borrower Termination Event) to remedy that Termination Event within a period of thirty (30) days after the date on which the Notice of Reservation of Rights is given or such other period as the National Agents may agree and specify in that notice. Upon the expiry of the period specified in any Notice of Reservation of Rights, the Security Trustee shall, if it is instructed in writing to do so by all of the National Agents (at the request of their respective Export Credit Agencies) prior to the expiry of that period (provided the ECA Agent does not receive a Notice for Action pursuant to clause 13.5.2 within that period), give to the relevant Lessee and any other relevant person a further Notice of Reservation of Rights.

13.7 Demands under the Guarantee

13.7.1 Notwithstanding anything in this Agreement or any of the other Transaction Documents to the contrary, each of the Finance Parties agrees and acknowledges in connection with the Guarantee that:

(a) the ECA Agent shall be entitled to instruct the Security Trustee to send a Notice of Demand in respect of any amounts outstanding from a Lessee to a Borrower for the ultimate account of any ECA Finance Party or in respect of any obligations owed by a Lessee to a Borrower for the ultimate account of any ECA Finance Party, in each case in accordance with and subject to the provisions of the Guarantee; and

(b) the Mismatch Agent shall be entitled to instruct the Security Trustee to send a Notice of Demand in respect of any amounts outstanding from a Lessee to a Borrower for the ultimate account of any Mismatch Finance Party or in respect of any obligations owed by a Lessee to a Borrower for the ultimate account of any Mismatch Finance Party, in each case in accordance with and subject to the provisions of the Guarantee.

13.7.2 So long as no Lease Termination Event, no Cross Collateralisation Event, no ECA Utilisation Block Event and no Mismatch Utilisation Block Event has occurred and is continuing at that time:

(a) any amounts received by the Security Trustee under the Guarantee as a result of any Notice of Demand sent in accordance with the instructions of the ECA Agent shall be applied in accordance with clause 15.8.1; and

(b) any amounts received by the Security Trustee under the Guarantee as a result of any Notice of Demand sent in accordance with the instructions of the Mismatch Agent shall be applied in accordance with clause 15.8.2.

13.7.3 If any amounts are received by the Security Trustee under the Guarantee:

(a) and at that time a Lease Termination Event has occurred and is continuing, such amounts shall be applied in accordance with clause 15.7;

(b) and at that time a Cross Collateralisation Event, ECA Utilisation Block Event or Mismatch Utilisation Block Event has occurred and is continuing, such amounts shall be held in the relevant Proceeds Account until such time as clause 13.7.2 or clause 13.7.3(a) shall become applicable, at which time such amounts shall be applied in accordance with clause 13.7.2 or clause 13.7.3(a) (as applicable).

14 Proceeds Account

14.1 Proceeds Account

On or before the occurrence of any event which will result in the payment of any Proceeds in relation to an Aircraft or as soon as reasonably practicable thereafter, the Security Trustee shall open the Proceeds Account for that Aircraft and shall as soon as reasonably practicable notify all parties to this Agreement of such details of that account as they may require in order to comply with their obligations under clause 14.3.

14.2 Proceeds to be held on trust

Any sum received or recovered by any party hereto which is required by any provision hereof to be paid to the Security Trustee for credit to the applicable Proceeds Account shall be received by that party on trust for the Security Trustee and that party shall as soon as reasonably practicable pay that sum to the Security Trustee for credit to the applicable Proceeds Account.

14.3 Payments to Proceeds Account

Each party shall from time to time pay any Proceeds (other than any such amounts as may be received by way of distribution from any Proceeds Account) to the Security Trustee as soon as

reasonably practicable upon receipt thereof for application in accordance with the terms of this Agreement.

14.4 Proceeds received

All Proceeds received or recovered by the Security Trustee (otherwise than by way of distribution from any Proceeds Account) shall as soon as reasonably practicable be credited to the applicable Proceeds Account.

14.5 Currency conversion

If any Proceeds in respect of an Aircraft are received or recovered by the Security Trustee (otherwise than by way of distribution from any Proceeds Account) in any currency other than the Applicable Currency for that Aircraft, such Proceeds shall be applied in the purchase of that Applicable Currency at the spot rate of exchange available to the Security Trustee (in the ordinary course of business) on the date of receipt or, if it is not practicable to effect that purchase on that date, the immediately following day on which banks are generally open for the transaction of that foreign exchange business in the jurisdiction through which the Security Trustee is acting for the purposes of this Agreement, and the net amount of that Applicable Currency so purchased (after the deduction by the Security Trustee of any reasonable costs incurred by it in connection with that purchase) shall be credited to the applicable Proceeds Account.

14.6 No set-off or counterclaim

Each party agrees that any sums which it pays in accordance with clause 14.3 shall be made without any set-off or counterclaim and free and clear of and without any withholding or deduction whatsoever (except as required by law and, in the case of each Obligor, subject to clause 4.7 of the relevant Loan Agreement or, as applicable, clause 13.1 of the relevant Lease) to the Security Trustee, in the currency of receipt, in accordance with the terms of this Agreement (but if any such deduction or withholding is required by law then the party affected by that requirement (the affected party) agrees that it shall consult in good faith with the parties to this Agreement who may be affected thereby with a view to mitigating the effect of any such deduction or withholding provided that the affected party shall not be obliged (subject, in the case of each Obligor to clause 4.7 of the relevant Loan Agreement or, as applicable, clause 13.1 of the relevant Lease) to incur any additional expense, nor to take any course of action other than it would do in relation to any counterparty to any of its similar contracts who would be affected by the same or any similar legal requirement).

14.7 Interest

Interest shall accrue from day to day on the amounts of all Proceeds received by the Security Trustee and from time to time standing to the credit of any Proceeds Account at the best rate available to the Security Trustee for such interest periods as the Security Trustee shall reasonably select from time to time. Any such interest shall be credited to the relevant Proceeds Account at the end of each such interest period.

15 Application of sums received

15.1 Application of principal and interest prior to the occurrence of a Lease Termination Event

15.1.1 Upon receipt by the ECA Agent of any amount referred to in clause 4.10.1 of an ECA Loan Agreement prior to the occurrence of a Lease Termination Event which is continuing, the ECA Agent shall make the same available in accordance with the provisions of clause 4.10.2 of that ECA Loan Agreement to each of the National Agents for application by each National Agent in or towards the payment of amounts due to the relevant ECA Lenders, that application by each National Agent to be in accordance with the terms agreed between that National Agent, the relevant ECA Lenders and the relevant Export Credit Agency.

15.1.2 Upon receipt by the Mismatch Agent of any amount referred to in clause 4.10.1 of a Mismatch Loan Agreement prior to the occurrence of a Lease Termination Event which is continuing, the Mismatch Agent shall apply the same in accordance with the provisions of clause 4.10.2 of that Mismatch Loan Agreement in or towards the payment of amounts due to the relevant Mismatch Lenders.

15.2 Application of amounts received in respect of indemnity obligations

15.2.1 Notwithstanding any provision of the Transaction Documents to the contrary, any amounts payable to any ECA Finance Party in respect of any indemnity obligations owed by any Obligor pursuant to the Transaction Documents shall be paid by the relevant Obligor to the ECA Agent.

15.2.2 Notwithstanding any provision of the Transaction Documents to the contrary, any amounts payable to any Mismatch Finance Party in respect of any indemnity obligations owed by any Obligor pursuant to the Transaction Documents shall be paid by the relevant Obligor to the Mismatch Agent.

15.2.3 Any and all monies received by an Agent (whether as a result of the provisions of clause 15.2.1 or 15.2.2 or otherwise) or (as the case may be) the Security Trustee from any Obligor in respect of any indemnity obligations of that Obligor prior to the occurrence of a Lease Termination Event which is continuing shall be paid by that Agent or (as the case may be) the Security Trustee, as soon as reasonably practicable following receipt thereof, to the relevant Finance Party (through the relevant National Agent in the case of any ECA Lender) in respect of whom the indemnity claim was made up to the total amount owing to that Finance Party in respect of that indemnity claim.

15.3 Application of insurance proceeds (other than in respect of a Total Loss of an Aircraft)

15.3.1 At any time when no Lease Termination Event has occurred and is continuing, any insurance proceeds in respect of any loss of or damage to an Aircraft not amounting to a Total Loss of that Aircraft or any of its Engines which are received by any party to this Agreement, other than any such proceeds which are received by a Lessee pursuant to and as permitted by paragraph 10(i) of schedule 7, together with such amount of interest as may have accrued thereon whilst held by that party, shall be paid to either:

(a) the repairers against presentation of their invoices; or

(b) the relevant Lessee against presentation of receipts or other evidence of the repairers evidencing the payment in full of the repairers' invoices,

and, pending that payment, such insurance proceeds (together with accrued interest thereon) shall be held by that party (if not the Security Trustee) on trust for and to the order of the Security Trustee (as trustee for the Secured Parties pursuant to the terms hereof).

15.3.2 At any time when no Lease Termination Event has occurred and is continuing, any insurance proceeds in respect of a Total Loss of an Engine not amounting to a Total Loss of an Aircraft (including where the Engine has been detached from the relevant Airframe and is installed on another airframe), other than any such proceeds which are received by a Lessee pursuant to and as permitted by paragraph 10(i) of schedule 7, which are received by any party to this Agreement, together with that amount of interest as may have accrued thereon whilst held by that party, shall be paid to either:

(a) the vendor of a replacement Engine; or

(b) the relevant Lessee against presentation of receipts or other evidence of the vendor evidencing the payment in full of the purchase price for the replacement Engine, provided that (and, in the case of (b) above, as a condition to payment to the relevant Lessee):

(i) title to that replacement Engine shall vest with the relevant Borrower free and clear of all Liens (other than Permitted Liens) pursuant to a full warranty bill of sale in form and substance reasonably satisfactory to the Security Trustee; and

(ii) all steps as the Security Trustee may reasonably require are taken to render that replacement Engine subject to this Agreement, the Loan Agreements, the Security Documents and the other applicable Transaction Documents so that the rights of the Finance Parties and the relevant Borrower in respect of the replacement Engine are the same as they were in respect of the Engine that suffered a Total Loss save that they are in respect of the replacement Engine.

Pending that payment, such insurance proceeds (together with accrued interest thereon) shall be held by that party (if not the Security Trustee) on trust for and to the order of the Security Trustee (as trustee for the Secured Parties pursuant to the terms hereof).

15.3.3 Notwithstanding the provisions of clauses 15.3.1 or 15.3.2, if and to the extent that AVN67B (or any replacement or equivalent thereof) shall be in effect in relation to the Insurances, and if any provision of clause 15.3.1 or clause 15.3.2 shall conflict with AVN67B (or any replacement or equivalent thereof), the terms of AVN67B (or any replacement or equivalent thereof) shall apply.

15.3.4 Notwithstanding any provision of this clause 15 to the contrary, any monies paid under liability insurances shall be paid to the person, firm or company by whom the liability (or alleged liability) covered by such insurances was incurred, or, if the liability (or alleged liability) has previously been discharged or indemnified, such monies shall be paid to the person who has discharged or indemnified that liability (or alleged liability) in reimbursement of the monies so expended by it in satisfaction of that liability (or alleged liability) or indemnity.

15.4 Application of Total Loss Proceeds

15.4.1 Subject to clause 12.7, if any Total Loss Proceeds in respect of a Total Loss of an ECA Aircraft are received by the Security Trustee at a time when no Lease Termination Event has occurred and is continuing, an amount of those Total Loss Proceeds equal to the Required Insurance Value, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the ECA Finance Parties and/or the Export Credit Agencies of any and all Qualifying Expenses due and payable to any of the ECA Finance Parties and/or the Export Credit Agencies pursuant to any of the Transaction Documents;

(b) secondly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total amount of interest then due in respect of the ECA Loan for that ECA Aircraft to be applied to each of the National Agents in the proportions specified in the ECA Loan Agreement for that ECA Aircraft for application by each National Agent in or towards payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(c) thirdly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total amount of principal then outstanding in respect of the ECA Loan for that ECA Aircraft to be applied to each of the National Agents in the proportions specified in the ECA Loan Agreement for that ECA Aircraft for application by each National Agent in or towards payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(d) fourthly, in payment to each ECA Finance Party and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis of all other amounts owing to that ECA Finance Party and/or Export Credit Agency under this Agreement, the ECA Loan Agreement for that ECA Aircraft and any other Transaction Document which remain unpaid (which shall

include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of that ECA Loan Agreement), in each case, to the extent relating to the ECA Loan for that ECA Aircraft;

(e) fifthly, in payment to the Borrower for that ECA Aircraft of all amounts owing by the relevant Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that ECA Aircraft; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.4.2 Subject to clause 12.7, if any Total Loss Proceeds in respect of a Total Loss of a Mismatch Aircraft are received by the Security Trustee at a time when no Lease Termination Event has occurred and is continuing, an amount of those Total Loss Proceeds equal to the Required Insurance Value, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the Finance Parties and/or the Export Credit Agencies of any and all Qualifying Expenses due and payable to any of the Finance Parties and/or the Export Credit Agencies pursuant to any of the Transaction Documents;

(b) secondly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total amount of interest then due in respect of each Loan for that Mismatch Aircraft to be applied as follows:

(i) to each of the National Agents in the proportions specified in the ECA Loan Agreement for that Mismatch Aircraft for application by each National Agent in or towards payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement; and

(ii) to the Mismatch Agent for application by the Mismatch Agent in or towards payment of interest outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreement for that Mismatch Aircraft;

(c) thirdly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total amount of principal then outstanding in respect of each Loan for that Mismatch Aircraft to be applied as follows:

(i) to each of the National Agents in the proportions specified in the ECA Loan Agreement for that Mismatch Aircraft for application by each National Agent in or towards payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement; and

(ii) to the Mismatch Agent for application by the Mismatch Agent in or towards payment of principal outstanding to the

relevant Mismatch Lenders under the Mismatch Loan Agreement for that Mismatch Aircraft;

(d) fourthly, in payment to each Finance Party and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis of all other amounts owing to that Finance Party and/or Export Credit Agency under this Agreement, the Loan Agreements for that Mismatch Aircraft and any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of any of the Loan Agreements for that Aircraft), in each case, to the extent relating to the Loans for that Aircraft;

(e) fifthly, in payment to the Borrower for that Mismatch Aircraft of all amounts owing by the relevant Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that Mismatch Aircraft; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.4.3 If any amounts under clause 15.4.1 or 15.4.2 can not be applied in full by the Security Trustee because a Cross Collateralisation Event has occurred and is continuing and, as a result thereof, paragraph (f) of clause 15.4.1 or clause 15.4.2 (as applicable) applies, such amounts shall be held in the relevant Proceeds Account until the earlier of the times at which:

(a) no Cross Collateralisation Event has occurred and is continuing, in which case the amounts, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with such paragraph (f); or

(b) a Lease Termination Event has occurred and is continuing, in which case clause 15.4.5 shall apply.

15.4.4 If the amount of Total Loss Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 15.4.1(a) to (d) or any of sub-clauses 15.4.2(a) to (d) is insufficient to pay in full all sums referred to in the relevant sub-clause, the amount so available shall be paid to each party entitled to receive such sums pursuant to that sub-clause on a *pari passu* and *pro tanto* basis to its respective interest in the total amount due and payable pursuant to that sub-clause.

15.4.5 If any Total Loss Proceeds are received after the occurrence of a Lease Termination Event which is continuing, an amount of those Total Loss Proceeds equal to the Required Insurance Value, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with clause 15.7.1 or 15.7.2 (as applicable).

15.4.6 To the extent that the Total Loss Proceeds for an Aircraft which are received by the Security Trustee exceed the Required Insurance Value, the amount of the excess shall be paid as soon as reasonably practicable following receipt to the Lessee of that Aircraft or as it may direct, notwithstanding any provision hereof to the contrary.

15.5 Application of Requisition Proceeds

If any Requisition Proceeds (other than Total Loss Proceeds) or similar proceeds are received by the Security Trustee, such Requisition Proceeds, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall as soon as reasonably practicable be paid by the Security Trustee to the relevant Lessee (or as it may direct) unless a Lease Termination Event has occurred and is continuing in which case they shall be applied in accordance with clause 15.7 and subject always to the rights of any Sub-Lessee under any Assignment of Insurances and/or Sub-Lease.

15.6 Application of Proceeds received as a result of a prepayment made pursuant to clauses 4.3, 4.5 or 10.3 of any ECA Loan Agreement and/or clauses 4.3, 4.5, 4.6 or 10.3 of any Mismatch Loan Agreement

15.6.1 If any Proceeds are received by the Security Trustee as a result of a prepayment made pursuant to clauses 4.3, 4.5 or 10.3 of any ECA Loan Agreement (in this clause 15.6, "**ECA Prepayment Proceeds**") prior to the occurrence of a Lease Termination Event which is continuing, such ECA Prepayment Proceeds, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the ECA Finance Parties and/or the Export Credit Agencies of any and all Qualifying Expenses due and payable to any of the ECA Finance Parties and/or the Export Credit Agencies pursuant to any of the Transaction Documents for the Aircraft to which that ECA Loan relates;

(b) secondly, in payment of an amount of up to the total amount of interest in respect of the ECA Loan which is being prepaid to each of the National Agents in the proportions specified in the ECA Loan Agreement for that ECA Loan for application by each National Agent in or towards payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(c) thirdly, in payment of an amount of up to the total amount of principal outstanding in respect of the ECA Loan which is being prepaid to each of the National Agents in the proportions specified in the ECA Loan Agreement for that ECA Loan for application by each National Agent in or towards payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(d) fourthly, in payment to the ECA Finance Parties and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis of all amounts owing to the ECA Finance Parties and/or the Export Credit Agencies under this Agreement, that ECA Loan Agreement or any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of that ECA Loan Agreement), in each case, to the extent relating to that ECA Loan;

(e) fifthly, in payment to the Borrower under that ECA Loan Agreement of all amounts owing by the relevant Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that ECA Loan; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.6.2 If any Proceeds are received by the Security Trustee as a result of a prepayment made pursuant to clauses 4.3, 4.5, 4.6 or 10.3 of any Mismatch Loan Agreement (in this clause 15.6, "**Mismatch Prepayment Proceeds**") prior to the occurrence of a Lease Termination Event which is continuing, such Mismatch Prepayment Proceeds, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the Mismatch Finance Parties of any and all Qualifying Expenses due and payable to any of the Mismatch Finance Parties pursuant to any of the Transaction Documents relating to the Mismatch Loan which is being prepaid;

(b) secondly, in payment of an amount of up to the total amount of interest in respect of the Mismatch Loan which is being prepaid to the Mismatch Agent for application by the Mismatch Agent in or towards payment of interest outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreement for that Mismatch Loan;

(c) thirdly, in payment of an amount of up to the total amount of principal outstanding in respect of the Mismatch Loan which is being prepaid to the Mismatch Agent for application by the Mismatch Agent in or towards payment of principal outstanding to the relevant Mismatch Lenders under that Mismatch Loan Agreement;

(d) fourthly, in payment to Mismatch Finance Parties on a *pro rata* and *pari passu* basis of all amounts owing to the Mismatch Finance Parties under this Agreement, that Mismatch Loan Agreement or any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of that Mismatch Loan Agreement), in each case, to the extent relating to that Mismatch Loan;

(e) fifthly, in payment to the Borrower under that Mismatch Loan Agreement of all amounts owing by the relevant Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to that Mismatch Loan; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.6.3 If any amounts under clause 15.6.1 or 15.6.2 can not be applied in full by the Security Trustee because a Cross Collateralisation Event has occurred and is continuing and, as a result thereof, paragraph (f) of clause 15.6.1 or clause 15.6.2 (as applicable) applies, such amounts shall be held in the relevant Proceeds Account until the earlier of the times at which:

(a) no Cross Collateralisation Event has occurred and is continuing, in which case the amounts, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with such paragraph (f); or

(b) a Lease Termination Event has occurred and is continuing, in which case clause 15.6.5 shall apply.

15.6.4 If the amount of any ECA Prepayment Proceeds or any Mismatch Prepayment Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 15.6.1(a) to (d) or any of sub-clauses 15.6.2(a) to (d), as the case may be, is insufficient to pay in full all sums referred to in the relevant sub-clause, the amount so available shall be paid to each party entitled to receive such sums pursuant to that sub-clause on a *pari passu* and *pro tanto* basis to its respective interest in the total amount due and payable pursuant to that sub-clause.

15.6.5 If any ECA Prepayment Proceeds or any Mismatch Prepayment Proceeds are received after the occurrence of a Lease Termination Event which is continuing, such ECA Prepayment Proceeds and/or such Mismatch Prepayment Proceeds, together

with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with clause 15.7.1 or 15.7.2 (as applicable).

15.7 Application of Proceeds following a Lease Termination Event

15.7.1 Subject to clause 15.4.6, any Proceeds in respect of an ECA Aircraft or otherwise in relation to the ECA Loan for that ECA Aircraft which are held in a Proceeds Account or received by the Security Trustee at any time when a Lease Termination Event has occurred and is continuing (and any other amounts which are, pursuant to this clause 15, to be applied in accordance with this clause 15.7.1), together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied by the Security Trustee as soon as reasonably practicable following receipt by the Security Trustee as follows:

(a) first, in or towards reimbursing each of the ECA Representatives and/or any Receiver for any and all Qualifying Expenses due and payable pursuant to any of the Transaction Documents and in or towards payment of any debts or claims which are by Applicable Law payable in preference to the amounts due to the ECA Representatives and/or the ECA Lenders (but only to the extent such debts or claims have such preference);

(b) secondly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total interest outstanding in respect of the ECA Loan for that Aircraft to be applied to each of the National Agents in the proportions specified in that ECA Loan Agreement for that

ECA Loan for application by each National Agent in or towards the payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(c) thirdly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total principal outstanding in respect of the ECA Loan for that Aircraft to be applied to each of the National Agents in the proportions specified in the ECA Loan Agreement for that ECA Loan for application by each National Agent in or towards the payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement;

(d) fourthly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (c) inclusive above, in relation to each of the ECA Loans for the ECA Aircraft other than that ECA Aircraft;

(e) fifthly, to the relevant ECA Finance Party and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis in respect of all other amounts owing to that ECA Finance Party and/or the Export Credit Agencies under this Agreement or any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of any ECA Loan Agreement for an ECA Aircraft), in each case, to the extent relating to the ECA Aircraft;

(f) sixthly, in payment to each Borrower which is the owner of an ECA Aircraft of all amounts owing by any Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to an ECA Aircraft;

(g) seventhly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (f) inclusive of clause 15.7.2, in relation to each of the Loans for the Mismatch Aircraft; and

(h) finally, once all the amounts referred to in paragraphs (a) to (g) inclusive above have been satisfied and discharged in full and the Secured Loan Obligations have been satisfied and discharged in full, any balance shall be paid as directed by the relevant Lessee.

If the amount of any Proceeds to be applied in or towards payment of sums due pursuant to any of paragraphs (a) to (g) inclusive above is insufficient to pay in full all sums referred to in the relevant sub-clause, the amount so available shall be paid to each party entitled to receive such sums pursuant to that sub-clause on a *pari passu* and *pro tanto* basis to its respective interest in the total amount due and payable pursuant to that sub-clause.

15.7.2 Subject to clause 15.4.6, any Proceeds in respect of a Mismatch Aircraft or otherwise in relation to the Loans (or either of them) for that Mismatch Aircraft which are held in a Proceeds Account or received by the Security Trustee at any time when a Lease Termination Event has occurred and is continuing (and any other amounts which are, pursuant to this clause 15, to be applied in accordance with this clause 15.7.2), together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied by the Security Trustee as soon as reasonably practicable following receipt by the Security Trustee as follows:

(a) first, in or towards reimbursing each of the Representatives and/or any Receiver for any and all Qualifying Expenses due and payable pursuant to any of the Transaction Documents and in or towards payment of any debts or claims which are by Applicable Law payable in preference to the amounts due to the Representatives and/or the Lenders (but only to the extent such debts or claims have such preference);

(b) secondly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total interest outstanding in respect of the Loans for that Mismatch Aircraft to be applied as follows:

(i) to each of the National Agents in the proportions specified in the ECA Loan Agreement for the ECA Loan for that Mismatch Aircraft for application by each National Agent in or towards the payment of interest outstanding to the relevant ECA Lenders under that ECA Loan Agreement; and

(ii) to the Mismatch Agent for application by the Mismatch Agent in or towards payment of interest outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreement for the Mismatch Loan for that Mismatch Aircraft;

(c) thirdly, in payment on a *pro rata* and *pari passu* basis of an amount of up to the total principal outstanding in respect of the Loans for that Mismatch Aircraft to be applied as follows:

(i) to each of the National Agents in the proportions specified in the ECA Loan Agreement for the ECA Loan for that Mismatch Aircraft for application by each National Agent in or towards the payment of principal outstanding to the relevant ECA Lenders under that ECA Loan Agreement; and

(ii) to the Mismatch Agent for application by the Mismatch Agent in or towards payment of principal outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreement for the Mismatch Loan for that Mismatch Aircraft;

(d) fourthly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (c) inclusive above, in relation to each of the Loans for the Mismatch Aircraft other than that Mismatch Aircraft;

(e) fifthly, to the relevant Finance Party and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis in respect of all other amounts owing to that Finance Party and/or the Export Credit Agencies under this Agreement or any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of any Loan Agreement for a Mismatch Aircraft), in each case, to the extent relating to a Mismatch Aircraft;

(f) sixthly, in payment to each Borrower which is the owner of a Mismatch Aircraft of all amounts owing by any Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid, to the extent relating to a Mismatch Aircraft;

(g) seventhly, to the persons, in the order and in respect of the matters referred to in paragraphs (a) to (f) inclusive of clause 15.7.1, in relation to each Loan for the ECA Aircraft; and

(h) finally, once all the amounts referred to in paragraphs (a) to (g) inclusive above have been satisfied and discharged in full and the Secured Loan Obligations have been satisfied and discharged in full, any balance shall be paid as directed by the relevant Lessee.

If the amount of any Proceeds to be applied in or towards payment of sums due pursuant to any of paragraphs (a) to (g) inclusive above is insufficient to pay in full all sums referred to in the relevant sub-clause, the amount so available shall be paid to each party entitled to receive such sums pursuant to that sub-clause on a *pari passu* and *pro tanto* basis to its respective interest in the total amount due and payable pursuant to that sub-clause.

15.8 Application of Proceeds received pursuant to the Guarantee

15.8.1 If any Proceeds are received by the Security Trustee pursuant to the Guarantee as a result of any demand or notice given by the Security Trustee under the Guarantee at the request of the ECA Agent in accordance with clause 13.7.1 (in this clause 15.8, "**ECA Guarantee Proceeds**") and clause 13.7.2(a) applies, such ECA Guarantee Proceeds, together with

such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the ECA Finance Parties and/or the Export Credit Agencies of any and all Qualifying Expenses due and payable to any of the ECA Finance Parties and/or the Export Credit Agencies pursuant to any of the Transaction Documents;

(b) secondly, in payment of an amount of up to the total amount of interest outstanding in respect of the ECA Loans to each of the National Agents in the respective proportions specified in the ECA Loan Agreements for application by each National Agent in or towards payment of interest outstanding to the relevant ECA Lenders under the ECA Loan Agreements;

(c) thirdly, in payment of an amount of up to the total amount of principal outstanding in respect of the ECA Loans to each of the National Agents in the respective proportions specified in the ECA Loan Agreements for application by each National Agent in or towards payment of principal outstanding to the relevant ECA Lenders under the ECA Loan Agreements;

(d) fourthly, in payment to the ECA Finance Parties and/or the Export Credit Agencies on a *pro rata* and *pari passu* basis of all

amounts owing to the ECA Finance Parties and/or the Export Credit Agencies under this Agreement, the ECA Loan Agreements or any other Transaction Document which remain unpaid (which shall include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of that ECA Loan Agreement);

(e) fifthly, in payment to each Borrower under the ECA Loan Agreements of all amounts owing by any Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.8.2 If any Proceeds are received by the Security Trustee pursuant to the Guarantee as a result of any demand or notice given by the Security Trustee under the Guarantee at the request of the Mismatch Agent in accordance with clause 13.7.1 (in this clause 15.8, "**Mismatch Guarantee Proceeds**") and clause 13.7.2(b) applies, such Mismatch Guarantee Proceeds, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied as soon as reasonably practicable following that receipt in the following order:

(a) first, in reimbursement of the Mismatch Finance Parties of any and all Qualifying Expenses due and payable to any of the Mismatch Finance Parties pursuant to any of the Transaction Documents;

(b) secondly, in payment of an amount of up to the total amount of interest outstanding in respect of the Mismatch Loans to the Mismatch Agent for application by the Mismatch Agent in or towards payment of interest outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreements;

(c) thirdly, in payment of an amount of up to the total amount of principal outstanding in respect of the Mismatch Loans to the Mismatch Agent for application by the Mismatch Agent in or towards payment of principal outstanding to the relevant Mismatch Lenders under the Mismatch Loan Agreements;

(d) fourthly, in payment to Mismatch Finance Parties on a *pro rata* and *pari passu* basis of all amounts owing to the Mismatch Finance Parties under this Agreement, the Mismatch Loan Agreements or any other Transaction Document which remain unpaid (which shall

include, for the avoidance of doubt, any Expenses other than Qualifying Expenses which are owing at that time and any amounts due and payable under clause 9.2.1 or clause 9.2.2 of that Mismatch Loan Agreement);

(e) fifthly, in payment to each Borrower under the Mismatch Loan Agreements of all amounts owing by any Lessee and/or debis to that Borrower under this Agreement or any other Transaction Document which remain unpaid; and

(f) finally, if no Cross Collateralisation Event has then occurred which is continuing, any balance shall be paid as directed by the relevant Lessee.

15.8.3 If any amounts under clause 15.8.1 or 15.8.2 can not be applied in full by the Security Trustee because a Cross Collateralisation Event has occurred and is continuing and, as a result thereof, paragraph (f) of clause 15.8.1 or clause 15.8.2 (as applicable) applies, such amounts shall be held in the relevant Proceeds Account until the earlier of the times at which:

(a) no Cross Collateralisation Event has occurred and is continuing, in which case the amounts, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with such paragraph (f); or

(b) a Lease Termination Event has occurred and is continuing, in which case the amounts, together with such amount of interest as may have accrued thereon whilst held in the relevant Proceeds Account, shall be applied in accordance with 15.7.1 or 15.7.2 (as applicable).

15.8.4 If the amount of any ECA Guarantee Proceeds or any Mismatch Guarantee Proceeds to be applied in or towards payment of sums due pursuant to any of sub-clauses 15.8.1(a) to (e) or any of sub-clauses 15.8.2(a) to (e), as the case may be, is insufficient to pay in full all sums referred to in the relevant sub-clause, the amount so available shall be paid to each party entitled to receive such sums pursuant to that sub-clause on a *pari passu* and *pro tanto* basis to its respective interest in the total amount due and payable pursuant to that sub-clause.

15.9 Application by National Agents

15.9.1 Any application by a National Agent of funds received from the Security Trustee by way of distribution from a Proceeds Account pursuant to any provision of this clause 15 shall be effected in accordance with the terms agreed between that National Agent, the relevant ECA Lenders and the relevant Export Credit Agency, and each National Agent shall inform each other party hereto, upon that party's request, of the effect of that application on the remaining principal and interest due on the relevant national portion of the relevant ECA Loan.

15.9.2 If any Proceeds in one currency (as applicable, the "**Recovered Currency**") are required to be exchanged into another currency

(as applicable, the "**Required Currency**") in order that such Proceeds can be applied in accordance with the order of application of proceeds set out in this clause 15, then the Security Trustee shall sell the relevant amount in the Recovered Currency and purchase an equivalent amount in the Required Currency at the spot rate of exchange available to the Security Trustee (in the ordinary course of business) on the date of receipt or, if it is not practicable to effect that purchase on that date, the immediately following day on which banks are generally open for the transaction of that foreign exchange business in the jurisdiction through which the Security Trustee is acting for the purposes of this Agreement. The new amount of the Required Currency so purchased (after the deduction by the Security Trustee of any reasonable costs of exchange incurred by it in connection with that purchase) shall be applied in accordance with this clause 15.

15.9.3 Following the occurrence of a Lease Termination Event and for as long thereafter as the same is continuing, the Security Trustee shall be entitled, at the discretion of the National Agents (acting on the instructions of the Export Credit Agencies), to retain any Proceeds

received or recovered in a Proceeds Account until the Export Credit Agencies shall direct all or part of such Proceeds to be applied in accordance with clause 15.7.

15.10 Identity of Finance Parties

In considering at any time (and from time to time) the persons entitled to the benefit of any or all of the Proceeds or the Trust Property, each Representative may:

15.10.1 (without prejudice to clause 22.4) rely and act in reliance upon any Transfer Certificate or notice of assignment unless and until the same is superseded by a further Transfer Certificate or notice so that no Representative shall have any liability or responsibility to any party as a consequence of placing reliance on and acting in reliance upon any Transfer Certificate or notice of assignment (including if any notice of assignment or Transfer Certificate was not, or proves not to have been, authentic or duly authorised); and

15.10.2 (without prejudice to clause 22.4) to the extent that any such information is not inconsistent with information on which any Representative is entitled to rely under this clause 15, rely and act in reliance upon any information provided to any Representative by any party to the Transaction Documents so that no Representative shall have any liability or responsibility to any party as a consequence of placing reliance on and acting in reliance upon any such information unless the relevant Representative has actual knowledge that that information is inaccurate or incorrect (for which purpose no Representative shall be treated as having actual knowledge of any matter of which the corporate finance, corporate lending, loan administration or any other department or division outside the Transportation Group/Middle Office of that Representative (or equivalent department of the person for the time being acting as that Representative) may become aware in the context of corporate finance, advisory, lending or loan administration activities from time to time undertaken by that Representative for any Obligor or any other person).

15.11 Information to Security Trustee

Each of the Finance Parties (whether directly or through its relevant Agent) shall provide the Security Trustee and each other Representative with such written information as the Security Trustee or such other Representative may reasonably require for the purpose of carrying out its duties and obligations under this Agreement and/or the Trust Documents and, in particular, with such directions in writing as may reasonably be required so as to enable the Security Trustee and each other Representative to apply the proceeds of realisation of the Trust Documents and the Trust Property, in each case, as contemplated by this clause 15.

15.12 Recoveries by Lenders

15.12.1 General

If:

(a) a Lender receives or recovers any amount in respect of sums due from a Borrower under any Loan Agreement (whether by set-off or otherwise) which is greater than the amount it should have received in accordance with the terms of that Loan Agreement on or before the date of that receipt or recovery; or

(b) a Lender receives or recovers any amount in respect of sums due from a Borrower under any Loan Agreement (whether by set-off or otherwise) at any time after any National Agent has notified the ECA Agent that it has not received all amounts then due to have been paid to it for the account of the relevant ECA Lenders in its National Syndicate or the Mismatch Agent has not received all amounts then due to have been paid to it for the account of the relevant Mismatch Lenders,

that Lender shall as soon as reasonably practicable notify its Agent (either directly or, in the case of an ECA Lender, via its National Agent) of that amount and the manner of its receipt or recovery.

15.12.2 Redistribution of receipts

Following:

(a) receipt of notice from a Lender under clause 15.12.1; or

(b) the relevant Agent notifying the Lenders (directly or through the National Agents) that not all Lenders have received all sums then due to have been received by them pursuant to the Loan Agreements,

the ECA Agent shall, as soon as practicable, having regard to the circumstances, consult with the Lenders to establish the aggregate amount of sums received or recovered by the Lenders participating in the relevant Loans and what payments are necessary amongst the Lenders for (in the first instance) that aggregate amount to be divided amongst the Lenders in proportion to their respective Contributions in order to, and in such manner as will, accord with the application provisions and order of priority of payment set out in the foregoing provisions of this clause 15.

15.12.3 Payments by Lenders

The Lenders shall as soon as reasonably practicable make such payments to each other, through the ECA Agent, as the ECA Agent shall direct to effect the proportionate divisions referred to in clause 15.12.2.

15.12.4 Deemed payments by relevant Obligor

If a Lender makes a payment or payments pursuant to clause 15.12.3, any payment previously received by that Lender as described in clause 15.12.1 shall, subject to clause 15.12.6, be deemed to have been made by the relevant Obligor on the understanding that it was received by that Lender as agent for the Lenders and that the payments described in clause 15.12.5 would be made and the liabilities of the relevant Obligor to each of the Lenders shall accordingly be determined on the basis that such payment or payments pursuant to clause 15.12.5 would be made.

15.12.5 No discharge of indebtedness

If a Lender makes a payment or payments pursuant to clause 15.12.3, clause 15.12.4 shall not apply if the relevant indebtedness of the relevant Obligor to that Lender has been extinguished, discharged or satisfied by the amount received or recovered (for example, because of set-off). In this event, for the purpose only of determining the liabilities of the relevant Obligor to the Lenders (other than the relevant Lender making the said payment or payments) and the liabilities of the Lenders to each other, the said payment or payments by the relevant Lender shall be deemed to have been made on behalf of the relevant Obligor in respect of its obligations under the relevant Loan Agreement.

15.12.6 Adjustment upon rebate

The parties shall make such payments and take such steps as may be just and equitable to re-adjust the position of the parties if a Lender, having followed the procedures required above, is obliged to return any sum (referred to in clause 15.12.1) to the relevant Obligor or any person claiming by or through the relevant Obligor.

15.12.7 Consents for payments

Each Finance Party agrees to take all steps required of it pursuant to clause 15.12.1 to use all reasonable endeavours to obtain any consents or authorisations which may at any relevant time be required for any payment by it pursuant to clause 15.12.3.

15.12.8 No charge created

The provisions contained in this clause 15.12 shall not and shall not be construed so as to constitute a charge by any Lender over all or any part of a sum received or recovered by it in the circumstances mentioned in this clause 15.12.

15.13 Aircraft

The foregoing provisions of this clause 15 apply to Aircraft which, at the relevant time, are subject to the security constituted by the Security Documents.

16 Fees, Expenses and indemnities

16.1 Indemnification from Trust Property - Security Trustee

Without prejudice to any right to indemnity arising under Applicable Law, clause 16.2 or any other provision of the Transaction Documents, the Security Trustee and every agent or other person appointed by it in connection with its appointment under this Agreement shall be entitled to be indemnified out of the proceeds of enforcement of the Trust Documents in respect of all Expenses, Losses and Taxes, in respect of which the Security Trustee is entitled to be indemnified by any Obligor pursuant to any other provision of this Agreement or any other Transaction Document but which is not received by the Security Trustee when due, provided always that the foregoing provisions of this clause 16.1 shall be in all respects subject to clause 15.

16.2 Indemnification of Expenses - Finance Parties and Export Credit Agencies

16.2.1 Each Borrower shall pay to the relevant Agent for the account of the relevant Finance Party (which, in the case of the Security Trustee, shall for the purposes of this clause 16.2 include each agent or other person appointed by it in connection with its appointment under this Agreement) or Export Credit Agency (as applicable), within ten (10) days of demand (which demand shall be accompanied by reasonable evidence of the amount demanded), whether or not any ECA Utilisation Documentation and/or Mismatch Utilisation Documentation is entered into and/or any amount is disbursed under the Loan Agreements, all Expenses incurred by the Finance Parties and the Export Credit Agencies (or any of them).

16.2.2 Each Lender (other than a Lender which is an Export Credit Agency) shall reimburse the Security Trustee, rateably in accordance with its Liability, for any amount which is due and payable to the Security Trustee (or, as the case may be, the relevant agent or other person appointed by it in connection with its appointment under this Agreement) pursuant to clause 16.2.1 but is not received by the Security Trustee.

16.2.3 Each ECA Lender (other than an ECA Lender which is an Export Credit Agency) shall reimburse the ECA Agent, rateably in accordance with its Liability, for any amount which is due and payable to the ECA Agent pursuant to clause 16.2.1 but is not received by the ECA Agent.

16.2.4 Each British Lender (other than a British Lender which is an Export Credit Agency) shall reimburse the British National Agent, rateably in accordance with its Liability, for any amount which is due and payable to the British National Agent pursuant to clause 16.2.1 but is not received by the British National Agent.

16.2.5 Each French Lender (other than a French Lender which is an Export Credit Agency) shall reimburse the French National Agent, rateably in accordance with its Liability, for any amount which is due and payable to the French National Agent pursuant to clause 16.2.1 but is not received by the French National Agent.

16.2.6 Each German Lender (other than a German Lender which is an Export Credit Agency) shall reimburse the German National Agent, rateably in accordance with its Liability, for any amount which is due and payable to the German National Agent pursuant to clause 16.2.1 but is not received by the German National Agent.

16.2.7 Each Mismatch Lender shall reimburse the Mismatch Agent, rateably in accordance with its Liability, for any amount which is due and payable to the Mismatch Agent pursuant to clause 16.2.1 but is not received by the Mismatch Agent.

16.3 Borrower fees

Each Borrower shall:

16.3.1 procure that all fees payable to the relevant Manager from time to time are paid as soon as reasonably practicable when due in accordance with the relevant Administration Agreement; and

16.3.2 pay or procure that there are paid all other fees, costs and expenses in connection with the incorporation, administration and management of that Borrower and its related trust and/or other ownership arrangements including, without limitation, all fees, costs and expenses in connection with the preparation and approval of accounts for that Borrower by auditors approved by the Security Trustee and debis.

16.4 Stamp and other duties

Subject to clause 16.6 and to the proviso to this clause 16.4, each Borrower shall pay any stamp, documentary, transaction, registration or other like duties or Taxes (including any duties or Taxes payable by any Finance Party, but excluding Excluded Taxes) imposed on any Transaction Document for an Aircraft which is owned by that Borrower and shall indemnify the Finance Parties against any liability arising by reason of any delay or omission by that Borrower to pay such duties or Taxes (other than Excluded Taxes). Provided however that no Borrower shall be liable to indemnify any Finance Party under this clause 16.4 in respect of any duties or Taxes which are imposed in a jurisdiction as a result of that Finance Party taking or sending the relevant Transaction Document into that jurisdiction unless that Finance Party was required to do so by Applicable Law or in order to take enforcement action in that jurisdiction following the occurrence of a Lease Termination Event which is then continuing. The other parties hereto agree to co-operate in good faith with each other with a view to avoiding or minimising liability for stamp, documentary, transaction, registration or other like duties of Taxes which may be imposed in connection with any Transaction Document in any jurisdiction.

16.5 Recordation and registration expenses

Subject to clause 16.6, the Borrowers shall pay and indemnify the Finance Parties and the Lessees shall pay and indemnify the Borrowers against all fees, costs and expenses associated with:

16.5.1 the filing or recording of this Agreement or any other Transaction Document for an Aircraft which is leased to that Lessee or the relevant Borrower’s ownership interest in the State of Registration for that Aircraft, any State of Incorporation for a person which is party to the ownership and/or leasing arrangements for that Aircraft or the Habitual Base for that Aircraft including (but

not limited to) the provision of translations, registrations, notarisations or legalisations, if required by Applicable Law; and

16.5.2 the registration of that Aircraft and integration of that Aircraft into that Lessee's, any Sub-Lessee's and/or any Sub-Sub-Lessee's fleet.

16.6 Mortgage cost

No Borrower shall be liable to pay and/or indemnify any Finance Party and no Lessee shall be liable to pay and/or indemnify any Borrower against any of the Taxes, fees, costs and expenses referred to in clauses 16.4 and 16.5 to the extent that, in relation to any individual Mortgage for an Aircraft, such Taxes, fees, costs and expenses together exceed ten thousand Dollars ($10,000) and, pursuant to paragraph 1(c) of schedule 7, no Mortgage for that Aircraft is required.

17 National Agents

17.1 Appointment of National Agents

Each of the British Lenders, the French Lenders and the German Lenders, in each case, for an Aircraft irrevocably appoints respectively the British National Agent, the French National Agent and the German National Agent, in each case, for that Aircraft as its agent for the purposes of this Agreement and the other Transaction Documents and authorises that National Agent (whether or not by or through employees or agents) to take such action on the relevant National Syndicate's behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to that National Agent by this Agreement, together with such powers and discretions as are reasonably incidental thereto. The British National Agent, the French National Agent and the German National Agent shall not, however, have any duties, obligations or liabilities to their respective National Syndicates beyond those expressly stated in this Agreement and the other Transaction Documents.

17.2 Identity of ECA Lenders

The British National Agent, the French National Agent and the German National Agent may deem and treat (a) each relevant ECA Lender in its National Syndicate as the person entitled to the benefit of the Contribution of that ECA Lender in any ECA Loan for all purposes of the Transaction Documents unless and until a notice of assignment of that ECA Lender's Contribution in any ECA Loan or any part thereof, or any Transfer Certificate in respect thereof, shall have been filed with the ECA Agent and the ECA Agent shall have notified the British National Agent, the French National Agent or the German National, as appropriate, thereof, and (b) the office set opposite the name of each ECA Lender in its National Syndicate in schedule 2 or, as the case may be, in any relevant Transfer Certificate as that ECA Lender's facility office unless and until a written notice of change of facility office shall have been received by the relevant National Agent, and the relevant National Agent may act upon any such notice unless and until the same is superseded by a further such notice.

17.3 No responsibility for other parties

None of the British National Agent, the French National Agent or the German National Agent shall have any responsibility to any ECA Lender in its National Syndicate:

17.3.1 on account of the failure of any Obligor, any other party to the Transaction Documents or any other person to perform their obligations under any of the Transaction Documents; or

17.3.2 for the financial condition of any Obligor, any other party to the Transaction Documents or any other person; or

17.3.3 for the completeness or accuracy of any statements, representations or warranties in any of the other Transaction Documents or any document delivered under this Agreement or any of the other Transaction Documents; or

17.3.4 for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Agreement or any of the other Transaction Documents, of any certificate, report or other document executed or delivered under this Agreement or any of the Transaction Documents and/or of all or any part of the ownership, leasing, security and/or financing structure contemplated by the Transaction Documents (or any of them); or

17.3.5 otherwise in connection with any ECA Loan or the negotiation of this Agreement or any of the other Transaction Documents; or

17.3.6 for acting (or, as the case may be, refraining from acting) in accordance with the instructions of the Majority Lenders and/or in accordance with any provision of any Transaction Document.

17.4 No restriction on other business

Each National Agent may, without any liability to account to any ECA Lender, accept deposits from, lend money to, and generally

engage in any kind of banking or trust business with, any Obligor, any other party to the Transaction Documents, any debis Group Company or any of their respective Subsidiaries or Affiliates or any other ECA Finance Party as if it were not a National Agent.

17.5 Retirement of National Agents

17.5.1 Each National Agent may retire from its appointment as agent for its National Syndicate having given to the ECA Agent, each Lessee, debis and each of the ECA Lenders in its National Syndicate not less than thirty (30) days' notice of its intention to do so, provided that no such retirement by the British National Agent, the French National Agent or the German National Agent shall take effect unless there has been appointed by the ECA Lenders in its National Syndicate as a successor agent (which shall have accepted such appointment in writing) either:

(a) an ECA Lender nominated by the ECA Lenders in the relevant National Syndicate and, for so long as no Lease Termination Event has occurred and is continuing, consented to in writing by debis (such consent not to be unreasonably withheld or delayed); or

(b) failing such a nomination and for so long as no Lease Termination Event has occurred and is continuing, an ECA Lender nominated by debis and consented to in writing by the ECA Lenders in the relevant National Syndicate (such consent not to be unreasonably withheld or delayed); or

(c) failing such a nomination, any reputable and experienced bank or financial institution (or other person approved by debis) nominated by the relevant National Agent after consultation with the Secured Parties.

17.6 Payments to National Agents

All moneys to be paid or distributed by the ECA Agent or the Security Trustee to the relevant ECA Lenders in respect of any ECA Loan under this Agreement or any other Transaction Document may be effected by payment to each National Agent for the account of the relevant ECA Lenders in its National Syndicate of its portion of the amount so to be paid or distributed. Each payment so received by the National Agents shall (unless otherwise agreed by that National Agent and the relevant ECA Lenders in its National Syndicate to the contrary) be distributed between the relevant ECA Lenders in its National Syndicate in accordance with their respective Contributions.

17.7 Service of notice on National Agents

Any party to this Agreement may validly effect service of any notice required under this Agreement or otherwise in respect of any ECA Loan on any ECA Lender by delivering that notice to the relevant ECA Lender's National Agent for onward transmission to the relevant ECA Lender.

17.8 Notice to ECA Lenders

Any notice required to be given by or to any ECA Lender to or by the ECA Agent or the Security Trustee shall be given through that ECA Lender's National Agent and the ECA Agent and the Security Trustee shall each disregard any notice purported to be given by an ECA Lender in any other manner. In the event that any National Agent gives any notice or consent or, in the circumstances contemplated by clause 13.5, fails to give any notice or consent, the ECA Agent and the Security Trustee shall be entitled (and bound) to assume that that notice or consent has been given or, as the case may be, failed to have been given by all the ECA Lenders in the relevant National Agent's National Syndicate.

17.9 Information relating to notices

Each National Agent shall as soon as reasonably practicable notify each ECA Lender in its National Syndicate of the contents of each notice, certificate, document or other communication received by it from any other party under or pursuant to any Transaction Document.

18 ECA Agent

18.1 Appointment of ECA Agent

Each ECA Lender and each National Agent irrevocably appoints the ECA Agent as its agent for the purposes of each ECA Loan and the Transaction Documents on the following terms and further authorises the ECA Agent (whether or not by or through employees or agents) to take such action on its behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the ECA Agent by this Agreement and the other Transaction Documents, together with such powers and discretions as are reasonably incidental thereto. The ECA Agent shall not, however, have any duties, obligations or liabilities to the ECA Lenders or the National Agents beyond those expressly stated in this Agreement and the other Transaction Documents.

18.2 Amendments to Transaction Documents

18.2.1 Subject to clauses 12.9, 13 and 18.2.2, the ECA Agent may, with the consent of the Majority Lenders (or to the extent expressly authorised by the other provisions of this Agreement or any other Transaction Document), amend, modify or otherwise vary or waive breaches of, or defaults under, or otherwise excuse performance of, any provision of this Agreement or any other

Transaction Document. Any such action so authorised and effected by the ECA Agent shall be as soon as reasonably practicable notified to the National Agents by the ECA Agent and shall be binding on each ECA Lender.

18.2.2 Except with the prior written consent of the relevant ECA Lender and subject to clause 12.9 (and, in the case of sub-paragraphs (iv), (v) and (vii), of each of the ECA Lenders) (communicated in each case in writing by the National Agents), the ECA Agent shall not agree with the other parties thereto any amendment to any Transaction Document which would (i) extend the due date, availability period or reduce the amount of any payment under any Transaction Document to or of that ECA Lender, (ii) change the currency in which any amount is payable under any Transaction Document to that ECA Lender, (iii) increase that ECA Lender's Contribution or ECA Commitment, (iv) change the definition of ECA Lender or Majority Lenders, (v) change clause 13 or clause 15 or this clause 18.2 or any other provision of this Agreement or the other Transaction Documents which provides for the consent of the National Agents, all of the ECA Lenders and/or the German Parallel Lender to be obtained, (vi) reduce any applicable margin or interest rate or other amount in each case owing to that ECA Lender pursuant to any Transaction Document, or (vii) amend, modify, vary, release or discharge any of the Security Documents or the Liens constituted thereby or consent to any of the same other than in accordance with the terms of this Agreement and the other Transaction Documents.

18.3 Rights of ECA Agent

With respect to its own Contribution (if any) in any ECA Loan, the ECA Agent shall have the same rights and powers under this Agreement and the other Transaction Documents as any other ECA Lender and may exercise the same as though it were not performing the duties and functions delegated to it (as agent) under this Agreement or, as the case may be, the Transaction Documents, and the term "ECA Lender" shall, unless the context otherwise indicates, include the ECA Agent. Neither this Agreement nor any of the other Transaction Documents shall (nor shall the same be construed so as to) constitute a partnership between the parties or any of them or so as to establish a fiduciary relationship between the ECA Agent (in any capacity) and any other person.

18.4 No obligations to other parties

The ECA Agent shall not:

18.4.1 be obliged to make any enquiry as to any default by any Borrower, any Lessee, debis or any other person in the performance or observance of any of the provisions of any of the Transaction Documents or as to the existence of a default, a Relevant Event or a Termination Event unless the ECA Agent has actual knowledge thereof, or has been notified in writing thereof by a National Agent or any ECA Lender, in which case the ECA Agent shall as soon as reasonably practicable notify the ECA Lenders (through the National Agents) of the relevant event or circumstances;

18.4.2 be liable to any ECA Lender for any action taken or omitted under or in connection with this Agreement or any of the other Transaction Documents or any ECA Loan except in the case of the gross negligence or wilful misconduct of the ECA Agent.

For the purposes of this clause 18, the ECA Agent shall not be treated as having actual knowledge of any matter of which the corporate finance or leasing or any other division outside the Transportation Group/Middle Office of the ECA Agent (or equivalent department of the person for the time being acting as the ECA Agent) may become aware in the context of corporate finance or advisory activities from time to time undertaken by the ECA Agent for any Borrower, any Lessee or debis or any other person.

18.5 Communications

The ECA Agent shall as soon as reasonably practicable notify each National Agent of the contents of each notice, certificate, document or other communication received by it in its capacity as ECA Agent from any Obligor under or pursuant to any of the Transaction Documents.

18.6 Identity of ECA Lenders

The ECA Agent may deem and treat (a) each relevant ECA Lender as the person entitled to the benefit of the Contribution with respect to an ECA Loan of that ECA Lender for all purposes of the Transaction Documents unless and until a notice of assignment of that ECA Lender's Contribution (with respect to that ECA Loan) or any part thereof, or a Transfer Certificate in respect thereof, shall have been filed with the ECA Agent, and (b) the office set opposite the name of each ECA Lender in schedule 2 or, as the case may be, in any relevant Transfer Certificate as that ECA Lender's facility office unless and until a written notice of change of facility office shall have been received by the ECA Agent and the ECA Agent may act upon any such notice unless and until the same is superseded by a further such notice.

18.7 No reliance on ECA Agent

Each ECA Lender acknowledges that it has not relied on any statement, opinion, forecast or other representation made by the ECA Agent to induce it to enter into any of the Transaction Documents and that it has made and will continue to make, without reliance on the ECA Agent and based on such documents as it considers appropriate, its own appraisal of the creditworthiness of each Obligor and each other party to the Transaction Documents and its own independent investigation of the financial condition and affairs of each Obligor and each other party to the Transaction Documents in connection with the making and continuation of any ECA Loan. The ECA Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide the ECA Lenders with any credit or other information with respect to any Obligor or any other party to the Transaction Documents whether

coming into its possession before the making of the relevant ECA Loan or at any time or times thereafter, other than as provided in clauses 18.4.1 and 18.5. The ECA Agent shall not have any duty or responsibility for the completeness or accuracy of any information given by any Obligor or any other person in connection with or pursuant to any of the Transaction Documents, whether the same is given to the ECA Agent and passed on by it to the ECA Lenders or otherwise.

18.8 No responsibility for other parties

The ECA Agent shall not have any responsibility to any ECA Lender or any National Agent:

18.8.1 on account of the failure of any Obligor, any other party to the Transaction Documents or any other person to perform their obligations under any of the Transaction Documents; or

18.8.2 for the financial condition of any Obligor, any other party to the Transaction Documents, or any other person; or

18.8.3 for the completeness or accuracy of any statements, representations or warranties in any of the Transaction Documents or any document delivered under this Agreement or any of the other Transaction Documents; or

18.8.4 for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Agreement or any of the other Transaction Documents, of any certificate, report or other document executed or delivered under this Agreement or any of the Transaction Documents and/or of all or any part of the ownership, leasing, security and/or financing structure contemplated by the Transaction Documents (or any of them); or

18.8.5 otherwise in connection with any ECA Loan or the negotiation of this Agreement or any of the other Transaction Documents; or

18.8.6 for acting (or, as the case may be, refraining from acting) in accordance with the instructions of the Majority Lenders (or, where it is expressly required to do so, the National Agents and (if applicable) the German Parallel Lender) and/or in accordance with any provision of any Transaction Document.

The ECA Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person and shall be entitled to rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it.

18.9 No restriction on other business

The ECA Agent may, without any liability to account to any ECA Lender, accept deposits from, lend money to, and generally engage in any kind of banking or trust business with, any Obligor, any other party to the Transaction Documents, any debis Group Company or any of their respective Subsidiaries or Affiliates or any other ECA Finance Party as if it were not the ECA Agent.

18.10 Retirement of ECA Agent

18.10.1 The ECA Agent may retire from its appointment as ECA Agent under this Agreement and the other Transaction Documents having given to each Lessee, each Borrower, debis and each ECA Lender not less than thirty (30) days' notice of its intention to do so, provided that no such retirement shall take effect unless there has been appointed by the Majority Lenders as a successor:

(a) an ECA Lender nominated by the Majority Lenders and, for so long as no Lease Termination Event has occurred and is continuing, consented to in writing by debis (such consent not to be unreasonably withheld or delayed); or

(b) failing such a nomination and for so long as no Lease Termination Event has occurred and is continuing, an ECA Lender nominated by debis and consented to in writing by the Majority Lenders (such consent not to be unreasonably withheld or delayed); or

(c) failing such a nomination, any reputable and experienced bank or financial institution (or other person approved by debis) nominated by the retiring ECA Agent after consultation with the Secured Parties,

and that successor ECA Agent shall have accepted that appointment in writing.

18.10.2 Upon any such successor as aforesaid being appointed, the retiring ECA Agent shall be discharged from any further obligation under this Agreement and the other Transaction Documents and its successor and each of the other parties to this Agreement and the other Transaction Documents shall have the same rights and obligations among themselves as they would have had if that successor had been a party to this Agreement in place of the retiring ECA Agent.

18.11 Removal of ECA Agent

The Majority Lenders may at any time require the ECA Agent to retire from its appointment as ECA Agent under this Agreement

and the other Transaction Documents without giving any reason upon giving to the ECA Agent and each Borrower, each Lessee and debis not less than thirty (30) days' prior written notice to that effect. The ECA Agent agrees to co-operate in giving effect to that resignation in accordance with any such notice duly received by it and, in that connection, shall execute all such deeds and documents as the Majority Lenders may reasonably require in order to provide for:

(a) that resignation;

(b) the appointment of a successor ECA Agent in compliance with clause 18.10 but so that, for this purpose, the reference in clause 18.10.1(c) to the retiring ECA Agent shall be deemed to be a reference to the Majority Lenders; and

(c) the transfer of the rights and obligations of the ECA Agent under this Agreement and the other Transaction Documents to that successor,

in each case in a legal, valid and binding manner. The retiring ECA Agent shall not be responsible for any costs occasioned by that retirement (including in relation to any such deeds or documents referred to in this clause 18.11).

19 Mismatch Agent

19.1 Appointment of Mismatch Agent

Each Mismatch Lender irrevocably appoints the Mismatch Agent as its agent for the purposes of each relevant Mismatch Advance, each relevant Mismatch Loan and the Transaction Documents on the following terms and further authorises the Mismatch Agent (whether or not by or through employees or agents) to take such action on its behalf and to exercise such rights, remedies, powers and discretions as are specifically delegated to the Mismatch Agent by this Agreement and the other Transaction Documents, together with such powers and discretions as are reasonably incidental thereto. The Mismatch Agent shall not, however, have any duties, obligations or liabilities to the Mismatch Lenders beyond those expressly stated in this Agreement and the other Transaction Documents.

19.2 Amendments to Transaction Documents

19.2.1 Subject to clauses 12.9, 13 and 19.2.2, the Mismatch Agent may, with the consent of the Majority Mismatch Lenders (or to the extent expressly authorised by the other provisions of this Agreement or any other Transaction Document), amend, modify or otherwise vary or waive breaches of, or defaults under, or otherwise excuse performance of, any provision of this Agreement or any other Transaction Document. Any such action so authorised and effected by the Mismatch Agent shall be as soon as reasonably practicable notified to the Mismatch Lenders by the Mismatch Agent and shall be binding on each Mismatch Lender.

19.2.2 Except with the prior written consent of the relevant Mismatch Lender and subject to clause 12.9 (and, in the case of clauses 19.2.2(d), (e) and (g), of each of the Mismatch Lenders) (communicated in each case in writing by the Mismatch Lenders), the Mismatch Agent shall not agree with the other parties thereto any amendment to any Transaction Document which would:

(a) extend the due date, availability period or reduce the amount of any payment under any Transaction Document to or of that Mismatch Lender;

(b) change the currency in which any amount is payable under any Transaction Document to that Mismatch Lender;

(c) increase that Mismatch Lender's Contribution or Mismatch Commitment;

(d) change the definition of Mismatch Lender, Majority Lenders or Majority Mismatch Lenders;

(e) change clause 13 or clause 15 or this clause 19.2 or any other provision of this Agreement or the other Transaction Documents which provides for the consent of the Majority Mismatch Lenders or all of the Mismatch Lenders to be obtained;

(f) reduce any applicable margin or interest rate or other amount in each case owing to that Mismatch Lender pursuant to any Transaction Document; or

(g) amend, modify, vary, release or discharge any of the Security Documents or the Liens constituted thereby or consent to any of the same other than in accordance with the terms of this Agreement and the other Transaction Documents.

19.3 Rights of Mismatch Agent

With respect to its own Contribution (if any) in any Mismatch Loan, the Mismatch Agent shall have the same rights and powers under this Agreement and the other Transaction Documents as any other Mismatch Lender and may exercise the same as though it were not performing the duties and functions delegated to it (as agent) under this Agreement or, as the case may be, the Transaction Documents, and the term "Mismatch Lender" shall, unless the context otherwise indicates, include the Mismatch Agent. Neither this Agreement nor any of the other Transaction Documents shall (nor shall the same be construed so as to) constitute a partnership between the parties or any of them or so as to establish a fiduciary relationship between the Mismatch Agent (in any capacity) and any other person.

19.4 No obligations to other parties

The Mismatch Agent shall not:

19.4.1 be obliged to make any enquiry as to any default by any Borrower, any Lessee, debis or any other person in the performance or observance of any of the provisions of any of the Transaction Documents or as to the existence of a default, a Relevant Event or a Termination Event unless the Mismatch Agent has actual knowledge thereof, or has been notified in writing thereof by any Mismatch Lender, in which case the Mismatch Agent shall as soon as reasonably practicable notify the Mismatch Lenders of the relevant event or circumstance;

19.4.2 be liable to any Mismatch Lender for any action taken or omitted under or in connection with this Agreement or any of the other Transaction Documents or any Mismatch Loan except in the case of the gross negligence or wilful misconduct of the Mismatch Agent.

For the purposes of this clause 19.4, the Mismatch Agent shall not be treated as having actual knowledge of any matter of which the corporate finance or leasing or any other division outside the Transportation Group/Middle Office of the Mismatch Agent (or equivalent department of the person for the time being acting as the Mismatch Agent) may become aware in the context of corporate finance or advisory activities from time to time undertaken by the Mismatch Agent for any Borrower, any Lessee or debis or any other person.

19.5 Communications

The Mismatch Agent shall as soon as reasonably practicable notify each Mismatch Lender of the contents of each notice, certificate, document or other communication received by it in its capacity as Mismatch Agent from any Obligor under or pursuant to any of the Transaction Documents.

19.6 Identity of Mismatch Lenders

The Mismatch Agent may deem and treat (a) each Mismatch Lender as the person entitled to the benefit of the Contribution (with respect to the Mismatch Loans) of that Mismatch Lender and as the person obliged to advance that Mismatch Lender's participation in any Mismatch Advance for all purposes of the Transaction Documents unless and until a notice of assignment of that Mismatch Lender's Contribution (with respect to the Mismatch Loans) or that Mismatch Lender's Mismatch Commitment or any part thereof, or a Transfer Certificate in respect thereof, shall have been filed with the Mismatch Agent, and (b) the office set opposite the name of each Mismatch Lender in Part IV of schedule 2 or, as the case may be, in any relevant Transfer Certificate as that Mismatch Lender's facility office unless and until a written notice of change of facility office shall have been received by the Mismatch Agent, and the Mismatch Agent may act upon any such notice unless and until the same is superseded by a further such notice.

19.7 No reliance on Mismatch Agent

Each Mismatch Lender acknowledges that it has not relied on any statement, opinion, forecast or other representation made by the Mismatch Agent to induce it to enter into any of the Transaction Documents and that it has made and will continue to make, without reliance on the Mismatch Agent and based on such documents as it considers appropriate, its own appraisal of the creditworthiness of each Obligor and each other party to the Transaction Documents and its own independent investigation of the financial condition and affairs of each Obligor and each other party to the Transaction Documents in connection with the making and continuation of any Mismatch Advance and any Mismatch Loan. The Mismatch Agent shall not have any duty or responsibility, either initially or on a continuing basis, to provide the Mismatch Lenders with any credit or other information with respect to any Obligor or any other party to the Transaction Documents whether coming into its possession before the making of any relevant Mismatch Advance or at any time or times thereafter, other than as provided in clauses 19.4.1 and 19.5. The Mismatch Agent shall not have any duty or responsibility for the completeness or accuracy of any information given by any Obligor or any other person in connection with or pursuant to any of the Transaction Documents, whether the same is given to the Mismatch Agent and passed on by it to the Mismatch Lenders or otherwise.

19.8 No responsibility for other parties

The Mismatch Agent shall not have any responsibility to any Mismatch Lender:

19.8.1 on account of the failure of any Obligor, any other party to the Transaction Documents or any other person to perform their obligations under any of the Transaction Documents; or

19.8.2 for the financial condition of any Obligor, any other party to the Transaction Documents or any other person; or

19.8.3 for the completeness or accuracy of any statements, representations or warranties in any of the other Transaction Documents or any document delivered under this Agreement or any of the other Transaction Documents; or

19.8.4 for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Agreement or any of the other Transaction Documents, of any certificate, report or other document executed or delivered under this Agreement or any of the Transaction Documents and/or of all or any part of the ownership, leasing, security and/or financing

structure contemplated by the Transaction Documents (or any of them); or

19.8.5 otherwise in connection with any Mismatch Loan or any Mismatch Advance or the negotiation of this Agreement or any of the other Transaction Documents; or

19.8.6 for acting (or, as the case may be, refraining from acting) in accordance with the instructions of the Majority Mismatch Lenders and/or in accordance with any provision of any Transaction Document.

The Mismatch Agent shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person and shall be entitled to rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it.

19.9 No restriction on other business

The Mismatch Agent may, without any liability to account to any Mismatch Lender, accept deposits from, lend money to, and generally engage in any kind of banking or trust business with, any Obligor, any other party to the Transaction Documents, any debis Group Company or any of their respective Subsidiaries or Affiliates or any other Mismatch Finance Party as if it were not the Mismatch Agent.

19.10 Retirement of Mismatch Agent

19.10.1 The Mismatch Agent may retire from its appointment as Mismatch Agent under this Agreement and the other Transaction Documents having given to each Lessee, each Borrower, debis and each Mismatch Lender not less than thirty (30) days' notice of its intention to do so, provided that no such retirement shall take effect unless there has been appointed by the Majority Mismatch Lenders as a successor:

(a) any reputable and experienced bank or financial institution (or other person approved by debis) nominated by the Majority Mismatch Lenders and, for so long as no Lease Termination Event has occurred and is continuing, consented to in writing by debis (such consent not to be unreasonably withheld or delayed); or

(b) failing such a nomination and for so long as no Lease Termination Event has occurred and is continuing, any reputable and experienced bank or financial institution (or other person approved by debis) nominated by debis and consented to in writing by the Majority Mismatch Lenders (such consent not to be unreasonably withheld or delayed); or

(c) failing such a nomination, any reputable and experienced bank or financial institution (or other person approved by debis) nominated by the retiring Mismatch Agent after consultation with the Secured Parties,

and that successor Mismatch Agent shall have accepted that appointment in writing.

19.10.2 Upon any such successor as aforesaid being appointed, the retiring Mismatch Agent shall be discharged from any further obligation under this Agreement and the other Transaction Documents and its successor and each of the other parties to this Agreement and the other Transaction Documents shall have the same rights and obligations among themselves as they would have had if that successor had been a party to this Agreement in place of the retiring Mismatch Agent.

19.11 Removal of Mismatch Agent

The Majority Mismatch Lenders may at any time require the Mismatch Agent to retire from its appointment as Mismatch Agent under this Agreement and the other Transaction Documents without giving any reason upon giving to the Mismatch Agent and each Borrower, each Lessee and debis not less than thirty (30) days' prior written notice to that effect. The Mismatch Agent agrees to co-operate in giving effect to that resignation in accordance with any such notice duly received by it and, in that connection, shall execute all such deeds and documents as the Majority Mismatch Lenders may reasonably require in order to provide for:

(a) that resignation;

(b) the appointment of a successor Mismatch Agent in compliance with clause 19.10 but so that, for this purpose, the reference in clause 19.10.1(c) to the retiring Mismatch Agent shall be deemed to be a reference to the Majority Mismatch Lenders; and

(c) the transfer of the rights and obligations of the Mismatch Agent under this Agreement and the other Transaction Documents to that successor,

in each case in a legal, valid and binding manner. The retiring Mismatch Agent shall not be responsible for any costs occasioned by that retirement (including in relation to any such deeds or documents referred to in this clause 19.11).

20 Appointment and powers of the Security Trustee

20.1 The trust

Each of the Secured Parties irrevocably appoints the Security Trustee as its security agent and trustee to hold the Trust Property for the purposes of this Agreement and the other Transaction Documents on the terms set out in this Agreement and in the other Trust Documents.

20.2 Delegation of powers

By virtue of the appointment set out in clause 20.1, each of the Secured Parties hereby authorises the Security Trustee (whether or not by or through its employees as agents) to take such action on its behalf and to exercise such rights, remedies and powers as are specifically delegated to the Security Trustee by this Agreement and/or any of the other Transaction Documents together with such powers and rights as are reasonably incidental thereto.

20.3 Obligations of Security Trustee

The Security Trustee shall have no duties, obligations or liabilities to any of the parties by whom it has been appointed beyond those expressly stated in this Agreement and/or the other Transaction Documents and specifically (but without prejudice to the generality of the foregoing) the Security Trustee shall not be obliged to take any action or exercise any rights, remedies or powers under or pursuant to this Agreement or any of the other Transaction Documents beyond those which it is specifically instructed in writing to take or exercise as provided in clause 13 and then only to the extent stated in such specific written instructions.

21 Declaration of trust; supplemental provisions

21.1 Declaration of trust

The Security Trustee hereby accepts its appointment under clause 20.1 as trustee in relation to the Trust Property and the Transaction Documents with effect from the date of this Agreement and irrevocably acknowledges and declares that from that date it holds the same on trust for the Secured Parties and that it shall apply, and deal with, the Trust Property (including without limitation any moneys received by the Security Trustee under the Trust Documents) in accordance with the provisions of this Agreement.

21.2 Perpetuities

The trusts constituted or evidenced by this Agreement shall remain in full force and effect until whichever is the earlier of the expiration of a period of eighty (80) years from the date of this Agreement and receipt by the Security Trustee of written confirmation from the Agents and the Lessees that all the obligations and liabilities for which such Trust Documents are constituted as security have been discharged in full. The parties to this Agreement declare that the perpetuity period applicable to this Agreement shall, for the purposes of the Perpetuities and Accumulations Act 1964 be a period of eighty (80) years from the date of this Agreement.

21.3 Implicit powers

In its capacity as trustee in relation to the Trust Documents, the Security Trustee shall, without prejudice to any of the powers and immunities conferred upon trustees by law (and to the extent not inconsistent with the provisions of this Agreement or any of the other Trust Documents) have all the same powers as a natural person acting as the beneficial owner of that property and/or as are conferred upon the Security Trustee by this Agreement and/or any of the other Trust Documents.

21.4 Determination of issues

The Finance Parties agree that, in its capacity as trustee in relation to the Trust Documents, the Security Trustee shall have full power to determine all questions and doubts arising in relation to the interpretation or application of any of the provisions of this Agreement or any of the other Trust Documents as it affects the Security Trustee and every such determination (whether made upon a question actually raised or implied in the acts or proceedings of the Security Trustee) shall be conclusive and shall bind each of the Finance Parties (save in the case of manifest error or the wilful misconduct or gross negligence of the Security Trustee).

21.5 Use of agents

The Security Trustee may, in the conduct of any trusts constituted by this Agreement and in the conduct of its obligations under and in respect of the Trust Documents or any of them (otherwise than in relation to its right to make any declaration, determination or decision), instead of acting personally, employ and pay any agent (whether being a lawyer, chartered accountant or any other person) to transact or concur in transacting any business and to do or concur in doing any acts required to be done by the Security Trustee (including the receipt and payment of money). Any such agent shall be reputable and experienced and, unless at the time of appointment a Lease Termination Event shall have occurred and be continuing, not a competitor of debis as an aircraft operating lessor and, if engaged in any profession or business, such agent shall be entitled to be paid all usual professional and other charges for business transacted and acts done by him or any partner or employee of his in connection with such trusts. The Security Trustee shall not be bound to supervise, or be responsible for any loss incurred by reason of any act or omission of, any such agent if the Security Trustee shall have exercised reasonable care in the selection of that agent.

21.6 Effect of Agreement

It is agreed between all parties to this Agreement that in relation to any jurisdiction the courts of which would not recognise or give effect to the trusts expressed to be constituted by this Agreement, the relationship of the Secured Parties to the Security Trustee shall in the case of each of the trusts constituted hereby be construed simply as one of principal and agent but, to the fullest extent permissible under the laws of each and every such jurisdiction, this Agreement shall have full force and effect as between the parties.

22 Restrictions and limitations on and exclusions of the duties and responsibilities of the Security Trustee

22.1 No obligation to act

The Security Trustee shall not be obliged:

22.1.1 to request any certificate or opinion under any Transaction Document unless so required in writing by an Agent or, if the Secured Loan Obligations have been paid and discharged in full, the relevant Lessee, in which case the Security Trustee shall as soon as reasonably practicable make the appropriate request of the relevant party; or

22.1.2 to make any enquiry as to any default by any party in the performance or observance of any provision of any of the Trust Documents or as to whether any event or circumstance has occurred as a result of which the security constituted by any of the Trust Documents shall have or may become enforceable.

22.2 No responsibility to provide information

The Security Trustee shall not have any duty or responsibility, either initially or on a continuing basis:

22.2.1 subject to clause 22.7, to provide any of the Secured Parties with any information with respect to any Borrower, any Lessee, debis or any other person whenever coming into its possession; or

22.2.2 to investigate or make any enquiry into the title of any party to the Trust Property or any part thereof.

22.3 No responsibility for other parties

The Security Trustee shall not have any responsibility to any of the Secured Parties (a) on account of the failure of any party to perform any of its or their obligations under any of the Transaction Documents, (b) for the financial condition of any Obligor, the Manufacturer, the Engine Manufacturer, any Sub-Lessee, any Sub-Sub-Lessee, any Insurer or any other person, (c) for the completeness or accuracy of any statements, representations or warranties in any of the Transaction Documents or any document delivered under any of the Transaction Documents, (d) for the execution, effectiveness, adequacy, genuineness, validity, enforceability or admissibility in evidence of this Agreement or any of the other Transaction Documents, of any certificate, report or other document executed or delivered under this Agreement or any of the Transaction Documents and/or of all or any part of the ownership, leasing, security and/or financing structure contemplated by the Transaction Documents (or any of them), (e) to investigate or make any enquiry into the title of any party to the Trust Property or any part thereof, (f) for the failure to register any of the Transaction Documents on any register with any Government Entity, (g) for the failure to take or require any Obligor, the Manufacturer, the Engine Manufacturer, any Sub-Lessee, any Sub-Sub-Lessee, any Insurer or any other person to take any steps to render any of the Trust Property effective or to secure the creation of any ancillary charge under the laws of the jurisdiction concerned, or (h) otherwise in connection with the Transaction Documents or their negotiation or for acting (or, as the case may be, refraining from acting) in accordance with the directions of any of the Secured Parties given pursuant to clause 13 or in reliance upon information provided by any of the Secured Parties pursuant to clause 13 or otherwise other than to the extent of its own wilful misconduct or gross negligence.

22.4 Reliance on communications

The Security Trustee shall be entitled to rely on any communication, instrument or document believed by it to be genuine and correct and to have been signed or sent by the proper person and shall be entitled to rely as to legal or other professional matters on opinions and statements of any legal or other professional advisers selected or approved by it.

22.5 Safekeeping of Trust Documents

The Security Trustee shall be entitled to place all deeds, certificates and other documents relating to the Trust Property deposited with it under or pursuant to the Trust Documents or any of them in any safe deposit, safe or receptacle selected by the Security Trustee or with any solicitor or firm of solicitors and may make any such arrangements as it thinks fit for allowing each Secured Party access to, or its solicitors or auditors possession of, such documents when necessary or convenient, and the Security Trustee shall not be responsible for any Loss incurred in connection with any such deposit, access or possession.

22.6 No obligation to act in breach of Applicable Law

The Security Trustee may refrain from doing anything which would, or might in its opinion, be contrary to any Applicable Law or which would or might render it liable to any person and may do anything which is, in its opinion, necessary to comply with any such

law, directive, regulation or regulatory requirement.

22.7 Communications

The Security Trustee shall, as soon as practicable, notify the National Agents and each Agent of the contents of any communication received by it from any Obligor, any Sub-Lessee or any Sub-Sub-Lessee pursuant to any Transaction Document.

23 No restriction on or liability to account for other transactions

23.1 No restriction on other business

The Security Trustee may, without any liability to account to any of the Finance Parties or any Lessee, accept deposits from, lend money to, and generally engage in any kind of trust or banking business with, or be the owner or holder of any shares or other securities of, any Obligor, any Sub-Lessee, any Sub-Sub-Lessee or any debis Group Company or any Subsidiary or Affiliate of any Obligor, any Sub-Lessee, any Sub-Sub-Lessee or any debis Group Company or any of the Finance Parties or any other person as if it were not the Security Trustee.

23.2 Rights of Security Trustee

With respect to its own participation in the Transaction Documents, the Security Trustee shall have the same rights and powers thereunder and under the Trust Documents as any other Lender and may exercise the same as though it were not performing the duties and functions delegated to it under this Agreement.

24 Common Agent and Security Trustee

Notwithstanding that the ECA Agent, the Mismatch Agent, the Security Trustee, the British National Agent and the French National Agent may from time to time be the same entity, the ECA Agent, the Mismatch Agent, the Security Trustee, the British National Agent and the French National Agent have entered into this Agreement in their separate capacities as agent for the ECA Lenders, as agent for the Mismatch Lenders, as security agent and trustee for the Secured Parties, as agent for the British Lenders and as agent for the French Lenders under and pursuant to the Transaction Documents, provided that where this Agreement provides for the ECA Agent, the Mismatch Agent, the Security Trustee, the British National Agent or the French National Agent to communicate with or provide instructions to any of the ECA Agent, the Mismatch Agent, the Security Trustee, the British National Agent or the French National Agent, while the ECA Agent, the Mismatch Agent, the Security Trustee, the British National Agent or the French National Agent are the same entity, it will not be necessary for there to be any such formal communication or instructions notwithstanding that this Agreement provides in certain cases for the same to be in writing.

25 Change of Security Trustee

25.1 Retirement of Security Trustee

The Security Trustee may retire from its appointment as Security Trustee under this Agreement and the other Transaction Documents without giving any reason and without being responsible for any costs occasioned by that retirement having given to the Finance Parties, each Borrower, each Lessee and debis not less than thirty (30) days' notice of its intention to do so, provided that no such retirement shall take effect unless there has been appointed as a successor security agent and trustee by instrument in writing signed by the Security Trustee and accepted in writing by the successor:

25.1.1 a bank or financial institution (or other person approved by debis) nominated by the Majority Lenders and, for so long as no Lease Termination Event has occurred and is, consented to in writing by debis (such consent not be unreasonably withheld or delayed); or

25.1.2 failing such a nomination and for so long as no Lease Termination Event has occurred and is continuing, a bank or financial institution (or other person approved by debis) nominated by

debis and consented to in writing by the Majority Lenders (such consent not be unreasonably withheld or delayed); or

25.1.3 failing such a nomination, any bank or financial institution (or other person approved by debis) nominated by the Security Trustee after consultation with the Secured Parties,

and, in either case, that successor security trustee shall have duly accepted that appointment by delivering to each Agent written confirmation (in a form acceptable to each Agent) of that acceptance agreeing to be bound by this Agreement in the capacity of Security Trustee as if it had been an original party to this Agreement and the other Transaction Documents.

25.2 Removal of Security Trustee

The Majority Lenders (or, if the Secured Loan Obligations have been paid and discharged in full, the Lessees) may at any time require the Security Trustee to retire from its appointment as Security Trustee with respect to the Trust Property under this Agreement and the other Transaction Documents without giving any reason upon giving to the Security Trustee, each Borrower, each Lessee and debis not less than thirty (30) days' prior written notice to that effect. The Security Trustee agrees to co-operate in giving effect to that retirement in accordance with any such notice duly received by it and, in that connection, shall execute all such deeds and documents as either Agent may reasonably require in order to provide for:

(a) that resignation;

(b) the appointment of a successor security agent and trustee in compliance with clause 25.1 but so that, for this purpose, the reference in clause 25.1.3 to the Security Trustee shall be deemed to be a reference to the Majority Lenders; and

(c) the transfer of the rights and obligations of the Security Trustee under this Agreement to that successor,

in each case, in a legal, valid and binding manner. The retiring Security Trustee shall not be responsible for any costs occasioned by that retirement (including in relation to any such deeds or documents referred to in this clause 25.2).

25.3 Discharge of retiring Security Trustee

Upon any successor to the Security Trustee being appointed pursuant to clause 25.1 or 25.2, the retiring Security Trustee shall be discharged from any further obligation under this Agreement and the other Trust Documents with respect to the Trust Property and its successor and each of the other parties to this Agreement shall have the same rights and obligations among themselves as they would have had if that successor had been a party to this Agreement and the other Trust Documents in place of the retiring Security Trustee. If the Security Trustee should retire pursuant to clause 25.1 or be removed pursuant to clause 25.2, the Finance Parties and the Lessees agree to consult in good faith in selecting and appointing a new Security Trustee.

25.4 Retirement after discharge of Secured Loan Obligations

Notwithstanding clauses 25.1 and 25.2, the Security Trustee shall be entitled to retire from its appointment as Security Trustee under this Agreement upon giving five (5) days' written notice to debis at any time when the Secured Loan Obligations have been fully repaid and discharged. A Lessee selected by debis shall, at its own cost, at that time assume the role of Security Trustee under this Agreement and the other Trust Documents.

25.5 Cost of change in Security Trustee

In relation to any change of Security Trustee, other than a change at the request or direction of any Export Credit Agency, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the retiring Security Trustee and the incoming Security

Trustee (as they may agree between themselves), in the case of a resignation, or the Lenders (as they may agree between themselves), in the case of a removal. If that change is at the request or direction of any Export Credit Agency, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Borrowers.

26 Limited recourse obligations of Borrowers

26.1

26.1.1 Subject to clause 26.2 but otherwise notwithstanding the provisions of this Agreement or any of the other Transaction Documents to the contrary, all amounts payable or expressed to be payable by any Borrower for, in respect of or in connection with its obligations, covenants, representations, warranties, indemnities or other contractual assurances which are owed to the Security Trustee, the Agents, the National Agents, the Lenders, debis, any other debis Obligor or any other person under, pursuant to or in connection with this Agreement and the other Transaction Documents, together with any liability of any Borrower for any breach by that Borrower of its obligations, covenants, representations, warranties, indemnities or other contractual assurances which are owed to the Security Trustee, the Agents, the Lenders, debis, any other debis Obligor or any other person under, pursuant to or in connection with this Agreement and the other Transaction Documents, shall be limited to and only be made or payable from:

26.1.2 the recovery from that Borrower of all sums that are paid to or recovered by that Borrower (or any person lawfully claiming through or on behalf of that Borrower to the extent that that Borrower recovers the same from that person) pursuant to any provision of any Transaction Document, any Sub-Lease, any Sub-Lessee Security or any Sub-Sub-Lease or any sale or disposal of the relevant Aircraft or any part thereof or as a result of the enforcement of the Security Documents and/or in respect of Proceeds and/or in respect of any proceeds from Insurances (other than third party liability insurance proceeds); and

26.1.3 the realisation of any proceeds from the enforcement of any security granted to the Security Trustee, the Agents and/or any of the Lenders under the Security Documents (except to the extent that the Borrower is not entitled to retain such sums as against any third party by virtue of Applicable Law),

and each of the Security Trustee, the Agents, the National Agents, Lenders, debis and the other debis Obligors irrevocably and

unconditionally agrees that it shall look solely to such rights and sums for payments to be made by that Borrower under this Agreement and the other Transaction Documents and that it shall not otherwise take or pursue any judicial or other steps or proceedings or exercise any other right or remedy that it might otherwise have against that Borrower or any of its other assets except:

(a) to the extent that judgment or similar order is a necessary procedural step to enable the realisation of the full benefit of the security and rights granted by and under the Transaction Documents to obtain (but not enforce) a declaratory judgment or similar order as to the obligations of that Borrower expressed to be assumed under this Agreement or under any other Transaction Documents; or

(b) to the extent that claim or proof is a necessary procedural step to enable the realisation of the full benefit of the security and rights granted by and under the Transaction Documents, to make or file a claim or proof in any Insolvency Event in relation to that Borrower, but not to take proceedings to instigate that Insolvency Event.

26.2 Clause 26.1 shall be of no application in respect of a Borrower and that Borrower shall be fully liable and the Secured Parties shall be at liberty to prove all their respective rights and remedies against that Borrower and its assets for any Loss (including, without limitation, legal fees and expenses) sustained or incurred by any Secured Party as a consequence of:

26.2.1 the wilful misconduct or gross negligence of that Borrower; or

26.2.2 a representation or warranty as to a matter of fact (and not, for the avoidance of doubt, as to a matter of law) made by that Borrower in any Transaction Document being untrue, incorrect or misleading; or

26.2.3 fraud on the part of that Borrower.

26.3 The provisions of this clause 26 shall only limit the personal liability of each Borrower for the discharge of its obligations under this Agreement and the other Transaction Documents and shall not:

26.3.1 limit or restrict in any way the accrual of interest on any unpaid amount (although the limitations as to the personal liabilities of each Borrower shall apply to the actual payment of that interest); or

26.3.2 derogate from or otherwise limit the right of recovery, realisation or application by the Secured Parties under or pursuant to any of the Security Documents or anything assigned, mortgaged, charged, pledged or secured under or pursuant to any of the Security Documents.

26.4

26.4.1 debis and each other debis Obligor each hereby agrees that it shall not petition for any Insolvency Event in relation to any Borrower until after all of the Secured Loan Obligations have been paid and discharged in full.

26.4.2 Each of the Finance Parties hereby agrees that it shall not petition for any Insolvency Event in relation to any Borrower, unless failure to do so would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions.

26.5 Each of the Security Trustee, the Agents, the National Agents, the Lenders, debis and the other debis Obligors agrees not to seek before any court or governmental agency to have any shareholder, director or officer of any Borrower held liable for any actions or inactions of that Borrower or any obligations of that Borrower under the Transaction Documents, except if such actions or inactions are the result of the fraud or wilful default of that shareholder, director or officer.

27 Set-off

27.1 Set-off

27.1.1 Subject to clause 27.1.4, at any time during the continuance of a Lease Termination Event:

(a) each Borrower may set off from any sum payable by it to any one or more of the debis Obligors any sum due and unpaid by the relevant debis Obligor to that Borrower, in each case, under or in relation to any of the Transaction Documents; and

(b) each Finance Party may set off from any sum payable by it to any one or more of the Obligors any sum due and unpaid by the relevant Obligor to that Finance Party, in each case, under or in relation to any of the Transaction Documents.

27.1.2 No Obligor shall be entitled to deduct any sum which may be due to it from the Finance Parties and the Borrowers (or any of them) howsoever arising from any sum payable by that Obligor under or in connection with any of the Transaction Documents.

27.1.3 No Obligor shall be entitled to refuse or postpone performance of any payment or other obligation under any of the Transaction Documents by reason of any claim which it may have or may consider that it has against;

(a) the Finance Parties and the Borrowers (or any of them) under or in connection with any of the Transaction Documents or any other agreement with any of the Finance Parties and/or any of the Borrowers; and/or

(b) any other party under or in connection with any of the Transaction Documents.

27.1.4 Each Finance Party irrevocably and unconditionally waives any rights of set off that it may have at law or under clause 27.1.1 in relation to any amount due to any Sub-Lessee or Lessee under clause 8.6.8.

27.2 Set-off not mandatory

No Finance Party shall be obliged to exercise any of its rights under clause 27.1.

28 Notices

28.1 Unless otherwise expressly provided herein, all notices, requests, demands or other communications to or upon the respective parties hereto in connection with this Agreement shall:

28.1.1 in order to be valid be in English and in writing;

28.1.2 be deemed to have been duly served on, given to or made in relation to a party if it is:

(a) left at the address of that party set out herein or at such other address as that party has specified by fifteen (15) days' written notice to the other parties hereto;

(b) posted by first class airmail postage prepaid or sent with an internationally recognised courier service in each case in an envelope addressed to that party at that address; or

(c) sent by facsimile to the facsimile number of that party set out herein or to such other facsimile number as that party has specified by fifteen (15) days' written notice to the other parties hereto;

28.1.3 be sufficient if:

(a) executed under the seal of the party giving, serving or making the same; or

(b) signed or sent on behalf of the party giving, serving or making the same by any attorney, director, secretary, agent or other duly authorised officer or representative of that party;

28.1.4 be effective:

(a) in the case of a letter, when left at the address referred to in clause 28.1.2(a) after being deposited in the post first class airmail postage prepaid or deposited with an internationally recognised courier service and in each case in an envelope addressed to the addressee at the address referred to in clause 28.1.2 (a); and

(b) in the case of a facsimile transmission, upon receipt of a facsimile transmission slip indicating that the correct number of pages have been sent to the correct facsimile number.

28.2 For the purposes of this clause 28, all notices, requests, demands or other communications shall be given or made by being addressed as follows:

28.2.1 if to an Initial Borrower, to:

c/o Walkers SPV Limited
Walker House
Mary Street
PO Box 908 GT
George Town
Grand Cayman
Cayman Islands

Facsimile No: +1 345 945 4757
Attention: The Directors

with copies to debis and each Agent at the addresses detailed below;

28.2.2 if to any debis Obligor, to:

debis AirFinance B.V.
Evert van de Beekstraat 312
CX Schiphol Airport
The Netherlands

Facsimile: +3120 655 9100
Attention: Managing Director

with a copy to each Agent at the address detailed below;

28.2.3 if to an Agent or the Security Trustee, to:

Crédit Lyonnais
1, rue des Italiens
75009 Paris
France

Facsimile: +33 1 42 95 11 81
Attention: DGRE/Head of Transportation Group

with, except in relation to notices from one Finance Party to another Finance Party, a copy to debis at the address detailed above;

28.2.4 if to a Lender, to that Lender care of the relevant Agent; and

28.2.5 if to a National Agent, to the address and/or facsimile number set out opposite the name of that National Agent (in its capacity as an ECA Lender in the relevant National Syndicate) in the relevant section of schedule 2.

29 Confidentiality

At all times during the Security Period and after the termination thereof, each party hereto shall and shall procure that each of its respective officers, directors, employees and agents shall keep secret and confidential and not, without the prior written consent of debis, the Agents and the Security Trustee, disclose to any third party the terms of any of the Transaction Documents, any Sub-Lease, any Sub-Sub-Lease, the Insurances or any Purchase Document or any of the information, reports, invoices or documents supplied by or on behalf of any of the other parties hereto, save that any such party shall be entitled to disclose any such terms, information, reports or documents:

29.1.1 in connection with any proceedings arising out of or in connection with any of the Transaction Documents to the extent that that party may consider necessary to protect its interest; or

29.1.2 to any potential permitted assignee or transferee of all or any of that party's rights under any of the Transaction Documents or any other permitted person proposing to enter into contractual arrangements with that party in relation to or in connection with the transactions contemplated by any of the Transaction Documents, subject to it obtaining an undertaking

from that potential permitted assignee or permitted other person in the terms similar to this clause 29; or

29.1.3 if required to do so by an order of a court of competent jurisdiction whether in pursuance of any procedure for discovering documents or otherwise; or

29.1.4 pursuant to any Applicable Law; or

29.1.5 to any fiscal, monetary, Tax, governmental or other competent authority; or

29.1.6 to its auditors, bankers, legal or other professional advisers (which are under an ethical obligation to or agree to hold that information confidential); or

29.1.7 to any of the Export Credit Agencies; or

29.1.8 in any manner contemplated by any of the Transaction Documents; or

29.1.9 to debis or any other debis Group Company.

30 Joint and several liability

For the purpose of any provision of the Transaction Documents, it is hereby acknowledged and agreed that:

30.1 where the same obligations are expressed as being owed by more than one Lessee, each of such Lessees shall be jointly and

severally liable for such obligations;

30.2 where the same obligations are expressed as being owed by more than one debis Obligor, each of such debis Obligors shall be jointly and severally liable for such obligations; and

30.3 where the same obligations are expressed as being owed by more than one Borrower, each each of such Borrowers shall be jointly and severally liable for such obligations (but without prejudice to, and subject to, clause 26).

31 Consents and related matters

31.1 Each Lessee and debis shall be entitled to deal exclusively with the Security Trustee and rely on communications that it receives from the Security Trustee in relation to any request for approval, consent, waiver, agreement or exercise of another discretion that the Lessees or debis may, from time to time, make under or in connection with any Transaction Document or the transactions contemplated thereby.

31.2 Where any approval, consent, waiver, agreement or exercise of other discretion is requested by any Lessee or debis from the Security Trustee pursuant to this Agreement or any other Transaction Document, the Security Trustee and the relevant Finance Parties at whose direction the Security Trustee is required (pursuant to the terms of the Transaction Documents) to act in relation to the particular matter each agree to consider the same and respond to the relevant Lessee or debis in a timely manner.

32 Subordination

32.1 Each of the Finance Parties and the Lessees hereby agrees to regulate their claims, as to subordination and priority, in respect of any Proceeds in the manner set out in this clause 32.

32.2 The Finance Parties and the Lessees hereby agree that the Secured Loan Obligations shall for all purposes whatsoever rank in priority to the Subordinated Secured Obligations and that such Subordinated Secured Obligations shall at all times be subject and subordinate to such Secured Loan Obligations.

32.3 Without prejudice to the provisions of clause 32.2, if, for any reason, a Lessee claims or is required to claim in the liquidation, winding-up, dissolution or analogous proceedings in relation to any Borrower, then that Lessee shall direct that all dividends and other distributions in respect of its claim be paid to the Security Trustee for application in accordance with the provisions of clause 15 and, to the extent that any such dividend or other distribution is actually paid to that Lessee, that Lessee shall hold any amount received by it on trust for the Secured Parties and shall pay that amount over to the Security Trustee as soon as it is received.

32.4 For so long as any of the Secured Loan Obligations remain outstanding, each Lessee hereby agrees that it shall have no rights whatsoever, save in respect of the express obligations of the Security Trustee as set out in this Agreement and the other Transaction Documents, to instruct, or give directions to, the Security Trustee, to require that the Security Trustee take any action or exercise any right, remedy or power or to determine any question or doubt, in each case in relation to any matter including, without limitation, the Trust, the Trust Property and/or the Trust Documents.

32.5 For so long as any of the Secured Loan Obligations remain outstanding, each Lessee hereby agrees that the Security Trustee shall not, other than as expressly required by the terms of the Transaction Documents, be required to consult with, or have regard to the interests of, any Lessee when taking any action (including, without limitation, any enforcement action) or when exercising any right, remedy or power, in each case in relation to any matter including, without limitation, the Trust, the Trust Property and/or the Trust Documents.

32.6 For so long as any of the Secured Loan Obligations remain outstanding, each Lessee hereby agrees that it shall not appoint any receiver in respect of any of the Trust Property.

32.7 Each Lessee shall be entitled, at any time following the full and final discharge of the Secured Loan Obligations:

32.7.1 to require that the relevant Borrower discharge the Subordinated Secured Obligations by transferring title to any Aircraft to such person as is nominated by that Lessee (who shall not be a Borrower or a Lessee); and

32.7.2 to exercise all of the rights of the Finance Parties under the Trust.

32.8 To the extent required under Dutch law, the subordination set forth in this clause 32 is being accepted by the Security Trustee as agent (*zaakwaarnemer*) on behalf of the Finance Parties.

33 Miscellaneous

33.1 Cumulative rights

The respective rights of the Finance Parties and the Borrowers pursuant to this Agreement and the other Transaction Documents:

33.1.1 are cumulative, may be exercised as often as they consider appropriate and are in addition to their respective rights under Applicable Law; and

33.1.2 shall not be capable of being waived or varied otherwise than by an express waiver or variation in writing.

33.2 Waivers

Any failure to exercise, or any delay in exercising, on the part of any Finance Party or any Borrower any right under any Transaction Document shall not operate as a waiver or variation of that or any other right and any defective or partial exercise of any such right shall not preclude any other or further exercise of that or any other right, and no act or course of conduct or negotiation shall in any way preclude any party hereto from exercising any such right or constitute a suspension or any variation of any such right.

33.3 Severability

If at any time any provision of any Transaction Document is or becomes illegal, invalid or unenforceable in any respect under any Applicable Law, neither the legality, validity nor the enforceability of the remaining provisions hereof nor the legality, validity or enforceability of that provision under the law of any other jurisdiction shall in any way be affected or impaired.

33.4 Further assurance

Except to the extent inconsistent with the express terms of the Transaction Documents:

33.4.1 each Obligor shall from time to time and at its own cost, to the extent that it is permitted to do so under Applicable Law, as soon as reasonably practicable sign, seal, execute, acknowledge, deliver, file and register all such additional documents, instruments, agreements, certificates, consents and assurances and do all such other acts and things as may be required by Applicable Law or reasonably requested by any Representative from time to time in order to give full effect to each Transaction Document or to establish, maintain, protect or preserve the rights of the Finance Parties and the Borrowers under the Transaction Documents or to enable any of them to obtain the full benefit of each Transaction Document and to exercise and enforce their respective rights and remedies under the Transaction Documents; and

33.4.2 without prejudice to the generality of clause 33.4.1, each Obligor which has a State of Incorporation in The Netherlands agrees from time to time when a Cross Collateralisation Event has occurred and is continuing to provide or procure that there is provided, to each beneficiary of the security constituted by the Security Documents to which that Obligor is or becomes a party, Dutch law security over the Collateral (as defined in the Security Assignment or, as the case may be, Lease Assignments(s) to which it is a party as assignor) in such form and in such manner as may be necessary to ensure that that beneficiary has Dutch law security rights equivalent to those contemplated by those Security Documents.

33.5 Certificates

A certificate given by any Finance Party as to the amount of any sum required to be paid to it under any provisions of any of the Transaction Documents shall, save in the case of manifest error, be prima facie evidence of the amounts therein stated for all purposes of the Transaction Documents.

33.6 Amendments

Each of the parties hereto agrees that no amendments, variations, supplements or modifications may be made to any Transaction Document other than by an instrument in writing executed by each of the parties hereto.

33.7 Counterparts

This Agreement may be executed in any number of counterparts and by different parties thereto on separate counterparts and any single counterpart or set of counterparts signed, in either case, by all the parties hereto shall be deemed to constitute a full and original agreement for all purposes but all counterparts shall constitute but one and the same instrument.

33.8 Other security

Nothing contained in this Agreement shall prejudice or affect the rights of any of the Finance Parties under any guarantee, lien, bill, note, charge or other security from any party, other than those comprised in or contemplated by the Transaction Documents now or hereafter held by it in respect of any moneys, obligations or liabilities thereby secured and so that (without limitation) each and any such person may apply any moneys recovered under any such guarantee, lien, bill, note, charge or other security in or towards payment of any money, obligation or liability, actual or contingent, now or hereafter due, owing or incurred to it by any

person or may hold such moneys on a suspense account for such period as it may in its absolute discretion think fit.

33.9 Obligations several

The obligations of each of the Finance Parties under this Agreement are several; the failure of any of the Finance Parties to perform such obligations shall not relieve any other of the Finance Parties or any Obligor of any of their respective obligations or liabilities under any of the Transaction Documents nor shall any Agent, any National Agent or the Security Trustee be responsible for the obligations of the other Finance Parties nor shall any of the Finance Parties be responsible for the obligations of any other of the Finance Parties under this Agreement.

33.10 No partnership

This Agreement shall not and shall not be construed so as to constitute a partnership between the parties or any of them.

33.11 Information from debis

debis shall upon request of any National Agent deliver to the Export Credit Agencies (via that National Agent) or upon request of any Agent deliver to that Agent all such information concerning any debis Group Company which is a party to any of the Transaction Documents and their respective affairs and the Aircraft as shall be available to debis or another debis Group Company (and subject to any confidentiality restrictions) and any such National Agent or Agent shall reasonably require in the context of the Transaction Documents and the transactions contemplated thereby.

33.12 Determination of LIBOR

In relation to the Transaction Documents for an Aircraft generally, it is hereby agreed amongst the relevant parties thereto that, in respect of any period, a determination of LIBOR under one Transaction Document for that Aircraft must be the same rate as is determined in respect of LIBOR under another Transaction Document for that Aircraft pursuant to which LIBOR falls to be determined for the same period and, in the event of any discrepancy, the determination of LIBOR under the ECA Loan Agreement for that Aircraft shall prevail.

33.13 Determination of EURIBOR

In relation to the Transaction Documents for an Aircraft generally, it is hereby agreed amongst the relevant parties thereto that, in respect of any period, a determination of EURIBOR under one Transaction Document for that Aircraft must be the same rate as is determined in respect of EURIBOR under another Transaction Document for that Aircraft pursuant to which EURIBOR falls to be determined for the same period and, in the event of any discrepancy, the determination of EURIBOR under the ECA Loan Agreement for that Aircraft shall prevail.

33.14 Mismatch Advances

Upon drawdown of a Mismatch Advance the proceeds of that Mismatch Advance shall be applied in the manner required by the Mismatch Loan Agreement under which it is drawn down and to the extent so applied:

33.14.1 the amount of Rent (as defined in the relevant Lease) payable by the relevant Lessee on the relevant Rental Payment Date (as defined therein) under that Lease shall be deemed for the purposes of that Lease to have been reduced by an amount equal to the amount of that Mismatch Advance; and

33.14.2 the relevant Borrower shall be deemed for the purposes of the corresponding ECA Loan Agreement to have made payment of an amount of the relevant ECA Repayment Instalment equal to the amount of that Mismatch Advance to the ECA Agent on the relevant ECA

Repayment Date and the relevant Borrower's obligation shall be deemed correspondingly discharged under that ECA Loan Agreement to the extent of that amount.

33.15 Notices to Agents

Each Agent agrees that if it receives any notice pursuant to the Transaction Documents it shall as soon as reasonably practicable forward a copy of that notice to the other Agent (if the other Agent is not an addressee of that notice), unless that notice relates solely to one or more of the Loan Agreements in respect of which that Agent is acting as agent for the relevant Lenders.

34 Transfers

34.1 Transfers by Obligors

Without prejudice to the provisions of clause 9, no Obligor shall assign any rights or transfer any obligations under any Transaction Document without the prior written consent of the ECA Agent (acting on the instructions of the National Agents and the German Parallel Lender) and the Mismatch Agent.

34.2 Transfers by Lenders

Any Lender may transfer all or any of its rights, benefits and obligations under the Transaction Documents or change its Lending Office (whether in the same or a different jurisdiction), provided always that:

34.2.1 prior to the transfer or change in Lending Office becoming effective, the relevant Lender gives notice to debis (with a copy to each Agent) of the identity of the Transferee or (as the case may be) the new Lending Office and the jurisdiction of tax residence of the Transferee or (as the case may be) the new Lending Office;

34.2.2 the Transferee (i) is an Export Credit Agency, or (ii) is eligible for support from the relevant Export Credit Agency and (unless the Transferee is or has been a Lender) has been approved as a Transferee by debis (such approval not to be unreasonably withheld or delayed), or (iii) is designated as a Transferee by the relevant Export Credit Agency; and

34.2.3 with the exception of transfers occurring as a result of sub-paragraphs (i) or (iii) of clause 34.2.2, no Obligor shall be under any obligation to pay any greater amount or suffer any other increase in liabilities or diminution in right or benefit under the Transaction Documents following and as a consequence of any such transfer or change in Lending Office, except where the same arises as a consequence of a Change in Law which occurs after the date of that transfer or change in Lending Office (but excluding any Change in Law which is officially announced or proposed before the date of that transfer or change in Lending Office).

provided further that the provisos set out above shall not apply to the extent that any Lender has effected a transfer or changed its Lending Office pursuant to, and in accordance with, clause 10.1.

34.3 Transfer Certificates

34.3.1 If any Lender (the "**Transferor**") transfers all or any part of its rights, benefits and/or obligations under this Agreement in respect of any ECA Loan or Mismatch Loan for an Aircraft to another bank or financial institution (or other person approved by debis) (the "**Transferee**") in accordance with clause 34.2, that transfer shall be effected by way of a novation by the delivery to, and the execution by, the Security Trustee of a duly completed Transfer Certificate or in such other manner as the relevant National Agent or, as applicable, the Mismatch Agent and debis may agree.

34.3.2 On the date specified in the Transfer Certificate:

(a) to the extent that in the Transfer Certificate the Transferor seeks to transfer its rights and obligations under the Transaction Documents, each of the Transferor and the other parties hereto shall be released from further obligations to each other under the Transaction Documents and their respective rights against each other under the Transaction Documents shall be cancelled (such rights and obligations being referred to in this clause 34.3 as "**Discharged Rights and Obligations**");

(b) the parties hereto (other than the Transferor) and the Transferee shall each assume obligations towards each other and/or acquire rights against each other which, subject to clause 34.2, differ from the Discharged Rights and Obligations only insofar as each of the parties hereto (other than the Transferor) and the Transferee have assumed and/or acquired the same in place of each of the parties hereto (other than the Transferor) and the Transferor; and

(c) each of the parties hereto (other than the Transferor) and the Transferee shall acquire the same rights and assume the same obligations among themselves as they would have acquired and assumed had the Transferee originally been a party to the Transaction Documents as a Lender with the rights and/or the obligations acquired or assumed by it as a result of the transfer.

34.3.3 The Security Trustee shall as soon as reasonably practicable complete a Transfer Certificate on written request by a Transferor and upon payment by the Transferee (other than in the case of an Export Credit Agency (or a Transferee nominated thereby) being a Transferee) of a fee of one thousand Dollars ($1,000) to the Security Trustee for each Transfer Certificate.

34.3.4 Each party hereto (other than the Security Trustee, the Transferor and the Transferee) hereby confirms that the execution of any Transfer Certificate by the Security Trustee on its behalf shall be binding upon and enforceable against it as if it had executed the Transfer Certificate itself. Each party hereto (other than the Security Trustee, the Transferor and the Transferee) hereby irrevocably authorises the Security Trustee to execute any duly completed Transfer Certificate on its behalf.

34.4 Costs and expenses

In relation to any transfer contemplated by this clause 34 which is not a transfer pursuant to clause 10.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 34.2.2, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Transferee or the Transferor (as they may agree between themselves). In relation to any transfer contemplated by this clause 34 which is a transfer pursuant to clause 10.1 or a transfer to a Transferee referred to in sub-paragraphs (i) or (iii) of clause 34.2.2, the costs and expenses thereby incurred by each of the other parties hereto shall be for the account of the Borrowers.

35 Governing law and jurisdiction

35.1 Governing law

This Agreement shall be governed by and construed in accordance with English law.

35.2 Jurisdiction

Each of the parties hereto agrees, for the benefit of each of the other parties hereto, that any legal action or proceedings arising out of or in connection with this Agreement may be brought in the courts of England, irrevocably and unconditionally submits to the jurisdiction of such courts and irrevocably designates, appoints and empowers:

(a) in the case of each Lessee and debis, Freshfields Bruckhaus Deringer whose current address is at 65 Fleet Street, London EC4Y 1HS, England (Ref: DMP Litigation/RFM);

(b) in the case of each Borrower, Norose Notices Limited whose current address is at Kempson House, Camomile Street, London EC3A 7AN (marked for the attention of the Director of Administration, reference AJBD/AA51491); and

(c) in the case of each of the Finance Parties, the address from time to time of the relevant Finance Party's branch in London, England (or, if any Finance Party does not have or ceases to have a branch in London, it shall appoint an agent for receipt of service of process in England and shall provide the other parties to this Agreement with a copy of a letter from that agent accepting its appointment),

in each case, to receive for it and on its behalf service of process issued out of the courts of England in any such legal action or proceedings. The submission to that jurisdiction shall not (and shall not be construed so as to) limit the right of any of the parties hereto to take proceedings against the other parties hereto (or any of them) in the courts of any other competent jurisdiction, nor shall the taking of proceedings in any one or more jurisdictions preclude the taking of proceedings in any other jurisdiction, whether concurrently or not. The parties further agree that only the courts of England and not those of any other state shall have jurisdiction to determine any claim arising out of or in connection with this Agreement.

35.3 No immunity

Each of the parties hereto agrees that in any legal action or proceedings against it or its assets in connection with this Agreement no immunity from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution or other enforcement) shall be claimed by or on behalf of it or with respect to its assets, irrevocably waives any such right of immunity which it or its assets now have or may hereafter acquire or which may be attributed to it or its assets and consents generally in respect of any legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment which may be made or given in such action or proceedings.

36 Contracts (Rights of Third Parties) Act 1999

36.1.1 Each of the Obligors which is a party to this Agreement agrees that any of its obligations in this Agreement or any other Transaction Document which is expressly owed to any Finance Party and/or any Export Credit Agency shall be enforceable by that Finance Party, or, as the case may be, Export Credit Agency subject always to any relevant restriction contained in any Transaction Document. The provisions of the Contracts (Rights of Third Parties) Act 1999 shall apply for the benefit of each of the Finance Parties and the Export Credit Agencies.

36.1.2 Subject to clause 36.1, it is not intended by any of the parties hereto that any term of this Agreement shall be enforceable solely by virtue of the Contracts (Rights of Third Parties) Act 1999 by any person who is not a party hereto. The parties hereto shall not require the consent of any person who is not a party in order to rescind, vary, waive, release, assign, novate or otherwise dispose of all or any of their respective rights or obligations under this Agreement.

37 Export Credit Agencies

Each of the Obligors hereby acknowledges and accepts that, under the Support Agreement, the Export Credit Agencies have certain rights to require the ECA Finance Parties to act, or to omit to act, in accordance with the instructions of the Export Credit Agencies. Accordingly, each of the Obligors hereby acknowledges and accepts that if any of the ECA Finance Parties is required to exercise a right, discretion or power under any of the Transaction Documents "reasonably", "in good faith" or "bona fide" or with any other restriction of whatsoever nature, then that ECA Finance Party will be deemed to be acting "reasonably", "in good faith" or "bona fide" or in accordance with such other restrictions (as the case may be) if that ECA Finance

Party exercises, or refrains from exercising, that right, discretion or power in accordance with the instructions of the relevant Export Credit Agency.

38 Parallel debt

38.1 Each debis Obligor which is a party hereto and has a State of Incorporation in The Netherlands ("**Relevant Obligor**") hereby irrevocably and unconditionally undertakes, as far as necessary in advance, to pay to the Security Trustee an amount equal to the

aggregate of all of its Principal Obligations owed to all of the Finance Parties from time to time, as and when the same become due in accordance with the terms and conditions of its Principal Obligations (that payment undertaking and the obligations and liabilities which are the result thereof, the "**Parallel Debt**").

38.2 Each of the parties hereby acknowledges that:

38.2.1 for this purpose the Parallel Debt constitutes undertakings, obligations and liabilities of the Relevant Obligor to the Security Trustee which are separate and independent from, and without prejudice to, the Principal Obligations which the Relevant Obligor owes to any Finance Party; and

38.2.2 the Parallel Debt represents the Security Trustee's own claim *(vordering)* to receive payment of the Parallel Debt by the Relevant Obligor, provided that the total amount which may become due in respect of the Parallel Debt under this clause 38 shall never exceed the amount which may become due in respect of all of its Principal Obligations owed to all of the Finance Parties.

38.3 The total amount due by the Relevant Obligor as the Parallel Debt under this clause 38 shall be decreased to the extent that the Relevant Obligor shall have paid any amounts to the Finance Parties or any of them to reduce its outstanding Principal Obligations or any Finance Party otherwise receives any amount in discharge of those Principal Obligations (other than by virtue of clause 38.4).

38.4 To the extent that the Relevant Obligor shall have paid any amounts to the Security Trustee in respect of the Parallel Debt or the Security Trustee shall have otherwise received monies in discharge of the Parallel Debt, the total amount due in respect of its Principal Obligations shall be decreased accordingly.

IN WITNESS WHEREOF the parties to this Agreement have caused this Agreement to be duly executed as a deed and delivered on the date first above written.

Schedule 1
Definitions

"**2003 Aircraft**" means the first five (5) Aircraft identified in Part 1 of schedule 3;

"**Acceptance Certificate**" means, in respect of an Aircraft, the certificate (in substantially the form of schedule 2 to the relevant Lease) signed by the relevant Lessee and given by that Lessee to the relevant Borrower pursuant to clause 5.1 of the relevant Lease;

"**Accession Deed**" means a deed of accession to be entered into by an Alternative Obligor in the form from time to time agreed between debis and the Security Trustee;

"**Additional Insureds**" has the meaning specified in paragraph 10(e)(i) of schedule 7;

"**Administration Agreements**" means together the Initial Administration Agreement and each Alternative Borrower Administration Agreement, and "**Administration Agreement**" means any of them;

"**Affiliate**" means, in relation to any person, a Subsidiary of that person or a Holding Company of that person or any other Subsidiary of that Holding Company;

"**Agents**" means each of the ECA Agent and the Mismatch Agent, and "**Agent**" means either of them;

"**Agreed British Rate**" means, in respect of an ECA Loan and an ECA Interest Period, the sum of (i) the Applicable Rate for that ECA Loan and ECA Interest Period, and (ii) the British Margin;

"**Agreed ECA Rate**" means, in respect of an ECA Loan and an ECA Interest Period (i) for the purposes of the British Credits forming part thereof, the Agreed British Rate, (ii) for the purposes of the French Credits forming part thereof, the Agreed French Rate, and (iii) for the purposes of the German Credits forming part thereof, the Agreed German Rate, in each case referable thereto;

"**agreed form**" means, in relation to any document, the form of such document from time to time certified as the agreed form thereof by or at the direction of debis and the Security Trustee;

"**Agreed French Rate**" means, in respect of an ECA Loan and an ECA Interest Period, the sum of (i) the Applicable Rate for that ECA Loan and ECA Interest Period, and (ii) the French Margin;

"**Agreed German Rate**" means, in respect of an ECA Loan and an ECA Interest Period, the sum of (i) the Applicable Rate for that ECA Loan and ECA Interest Period, and (ii) the German Margin;

"**Agreed Mismatch Rate**" means, in respect of a Mismatch Loan and a Mismatch Interest Period, the sum of (i) the Applicable Rate for that Mismatch Loan and Mismatch Interest Period, and (ii) the Mismatch Margin.

"**Airbus**" means (as the context may require) Airbus G.I.E. or AVSA S.A.R.L.;

"**Airbus Bill of Sale**" means, in relation to any Aircraft, the bill of sale, dated the Purchase Date for that Aircraft, executed or to be executed by Airbus in favour of the Seller or, as applicable, the Borrower in relation to that Aircraft pursuant to the Airbus Purchase Agreement;

"**Airbus Purchase Agreement**" means, in respect of an Aircraft, the Airbus A320 family purchase agreement dated 1 June 1999, together with the exhibits thereto, made between the Manufacturer and debis or such other purchase agreement with the Manufacturer which relates to that Aircraft;

"**Aircraft**" means, subject to clause 2.2.2 and as the context may require, any or all of the twenty (20) Airbus aircraft listed in Part 1 of schedule 3 (and, save where the context otherwise requires, includes any or all of the Replacement Aircraft) and/or such alternative aircraft as may from time to time be agreed in writing by all of the National Agents and the Mismatch Agent at the request of debits,

comprising, with respect to each individual aircraft, the relevant Airframe together with the relevant Engines (whether or not any of the relevant Engines may from time to time be installed on the relevant Airframe) together with the relevant Technical Records;

"**Aircraft Purchase Price**" means:

(a) in respect of an Aircraft other than the Initial Aircraft, the aggregate amount which is equal to:

(i) the final contract price for that Aircraft on delivery thereof from the Manufacturer, after deduction of all applicable credit memoranda and exclusive of any capitalised interest, but disregarding for this purpose any Buyer Furnished Equipment for that Aircraft ("**Final Aircraft Price**"); plus

(ii) if there is any Buyer Furnished Equipment for that Aircraft, the lesser of (i) the final contract price for that Buyer Furnished Equipment for that Aircraft, after deduction of all applicable credit memoranda and exclusive of any capitalised interest, and (ii) an amount equal to five per cent. (5%) of the Final Aircraft Price,

in each case, as approved by all of the National Agents and (if that Aircraft is a Mismatch Aircraft) the Mismatch Agent; or

(b) in respect of an Initial Aircraft, the amount set out opposite that Initial Aircraft in Part 1 of schedule 3;

"**Airframe**" means, in respect of an Aircraft, the airframe (except for the Engines) more particularly identified in schedule 1 to the Lease for that Aircraft, including all Parts installed in or on the airframe at the Purchase Date (or which, having been removed therefrom, remain the property of the relevant Borrower) and all Replacement Parts from time to time installed in or on the said airframe and all Parts which are for the time being detached from the airframe but remain the property of the relevant Borrower;

"**Airframe Warranties Agreement**" means, in respect of an Aircraft, the airframe warranties agreement relating to that Aircraft from time to time entered into between, amongst others, the Manufacturer, debis, the relevant Borrower, the relevant Lessee, the relevant Sub-Lessee and the Security Trustee which shall be in the agreed form or otherwise in form and substance reasonably satisfactory to the Security Trustee;

"**Alternative Borrower**" means a company, approved by all of the National Agents, the German Parallel Lender and (if any of the Aircraft owned or to be owned by that company are Mismatch Aircraft) the Mismatch Agent and incorporated in a jurisdiction approved by all of the National Agents, the German Parallel Lender and the Mismatch Agent, in each case, in accordance with clause 9, which accedes to this Agreement as a Borrower pursuant to clause 9;

"**Alternative Borrower Administration Agreements**" means any administration agreements or corporate services agreements to be entered into by an Alternative Borrower Manager, the Security Trustee, an Alternative Borrower and debis on terms approved by the Security Trustee (acting on the instructions of all of the Lenders) and debis in accordance with this Agreement, and "**Alternative Borrower Administration Agreement**" means any of them;

"**Alternative Borrower Comfort Letters**" means each comfort letter to be issued in respect of an Alternative Borrower Manager to the Security Trustee and debis, in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and debis, and "**Alternative Borrower Comfort Letter**" means any of them;

"**Alternative Borrower Floating Charge**" means each floating charge to be granted by an Alternative Borrower to the Security Trustee which shall be in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and debis;

"**Alternative Borrower Manager**" means the manager, if any, of an Alternative Borrower as approved by the Security Trustee (acting on the instructions of all of the Lenders) and debis in accordance with this Agreement;

"**Alternative Borrower Share Charge**" means each pledge or charge to be granted by the holder or holders of the entire issued share capital of an Alternative Borrower to the Security Trustee over all the shares of that Alternative Borrower, which pledge or charge shall be

in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and debis;

"**Alternative Borrower Trustees**" means the legal owners of an Alternative Borrower as approved by the Security Trustee (acting on the instructions of all of the Lenders) and debis in accordance with this Agreement, and "**Alternative Borrower Trustee**" means any of them;

"**Alternative Declaration of Trust**" means each declaration of trust to be entered into by an Alternative Borrower Trustee or the Trustee in relation to the shares that Alternative Borrower Trustee or the Trustee (as applicable) owns in an Alternative Borrower, in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and debis;

"**Alternative Lessee**" means a company, approved by all of the National Agents, the German Parallel Lender and the Mismatch Agent and incorporated in a jurisdiction approved by all of the National Agents, the German Parallel Lender and the Mismatch Agent, in each case, in accordance with clause 9, which accedes to this Agreement as a Lessee pursuant to clause 9;

"**Alternative Lessee Share Charge**" means each pledge or charge to be granted by the relevant Lessee Parent to the Principal Borrower over all the shares of that Alternative Lessee, which pledge or charge shall be in form and substance reasonably satisfactory to the Security Trustee (acting on the instructions of all of the Lenders) and debis;

"**Alternative Obligor**" means an Alternative Borrower or an Alternative Lessee;

"**Applicable Currency**" means, in respect of an Aircraft, if the ECA Loan for that Aircraft is denominated in Dollars, Dollars, or if the ECA Loan for that Aircraft is denominated in Euro, Euro;

"**Applicable Directive**" means (exclusively) each of the Own Funds Directive (89/299/EEC of 17 April 1989) and the Solvency Ratio Directive (89/647/EEC of 18 December 1989);

"**Applicable Law**" includes, without limitation, all applicable (i) laws, bye-laws, statutes, decrees, acts, codes, legislation, treaties, conventions and similar instruments and, in respect of any of the foregoing, any instrument passed in substitution therefor or re-enactment thereof or for the purposes of consolidation thereof with any other instrument or instruments, (ii) final judgments, orders, determinations or awards of any court from which there is no right of appeal or if there is a right of appeal that appeal is not prosecuted within the allowable time, and (iii) rules and regulation of any Government Entity;

"**Applicable Rate**" means, in respect of any Loan and any Interest Period, the LIBOR (where the Loan is denominated in Dollars) or EURIBOR (where the Loan is denominated in Euro) rate for that Loan and Interest Period on the relevant Quotation Date. Notwithstanding the foregoing:

(a) in respect of the first ECA Interest Period for an ECA Loan and the last Interest Period for a Loan which ends on a Final ECA Repayment Date, unless that Interest Period commences or terminates, as the case may be, on a Reference Date, the Applicable Rate for that Interest Period shall (subject to the proviso to this definition) be determined by interpolating (on a linear basis) between:

(i) LIBOR or EURIBOR (as applicable) for the complete period for which that rate is publicity quoted having the next shorter duration than that Interest Period, and

(ii) LIBOR or EURIBOR (as applicable) for the complete period for which said rate is publicity quoted having the next longer duration than that Interest Period; and

(b) in respect of the first Interest Period for a Loan, if the Drawdown Notice in relation thereto is not received by the relevant Agent by the latest time required by the terms of the relevant Loan Agreement, the Applicable Rate for that Interest Period shall be calculated by reference to each relevant Lender's cost of funding its participation in that Loan for that Interest Period,

in each case, expressed as a percentage rate per annum and rounded up to four decimal places, as notified and reasonably substantiated by the relevant Agent to the relevant Borrower, the relevant Lessee and debis on the relevant Quotation Date, provided however that if that Interest Period is of less that one week's duration and relates to a Loan denominated in Euro, the Applicable Rate shall instead be EONIA for that Interest Period;

"**Assignment of Insurances**" means, in respect of an Aircraft, any assignment of insurances entered or to be entered into between the relevant Sub-Lessee (as assignor) and the relevant Lessee (as assignee);

"**Aviation Authority**" means, in respect of an Aircraft, any Government Entity which under the laws of the State of Registration for that Aircraft has from time to time:

(a) control or supervision of civil aviation in the State of Registration; and/or

(b) jurisdiction over the registration, airworthiness or operation of, or other similar matters relating to, that Aircraft;

"**Banking Day**" means a day (other than a Saturday or Sunday or holiday scheduled by law) on which banks are open for the transaction of domestic and foreign exchange business in Dublin, London, Paris, Amsterdam, Frankfurt, New York City, Luxembourg and Munich provided that:

(a) in relation to a day on which a payment is to be made by an Obligor in Dollars, that day need only be a day (other than a Saturday or Sunday) on which banks are open for the transaction of domestic and foreign exchange business in New York City, London and Paris;

(b) in relation to a day on which LIBOR is to be calculated, that day need only be a day (other than a Saturday or Sunday) on which banks are open for the transaction of domestic and foreign exchange business in London and Paris; and

(c) in relation to a day on which EURIBOR is to be calculated or a payment is to be made by an Obligor in Euro, that day need only be a day which is a TARGET Day and a day (other than a Saturday or Sunday) on which banks are open for the transaction of domestic and foreign exchange business in London and Paris;

"**Bankruptcy Law**" has the meaning specified in paragraph (g) of the definition of Insolvency Event;

"**Basle Paper**" means the paper entitled "International Convergence of Capital Measurement and Capital Standards" dated July 1988 and prepared by the Basle Committee on Banking Regulations and Supervision, as amended, modified, varied, supplemented or replaced;

"**BFE Bill of Sale**" means, in respect of an Aircraft to which any Buyer Finished Equipment relates, the bill of sale executed or to be executed in favour of the Seller pursuant to which title to that Buyer Furnished Equipment is transferred to the Seller;

"**Bill of Sale**" means, in respect of an Aircraft where debis is the Seller, the bill of sale executed or to be executed by the Seller in favour of the relevant Borrower pursuant to which title to that Aircraft is transferred to that Borrower;

"**Borrower Event**" means any event which, with any one or more of the lapse of time, the giving of notice, or the making of a determination, would become a Borrower Termination Event;

"**Borrower Floating Charges**" means together each Initial Borrower Floating Charge and each Alternative Borrower Floating Charge, and "**Borrower Floating Charge**" means any of them;

"**Borrower Novation**" means a borrower novation agreement entered into in connection with a Lease for an Aircraft and/or either or both of the Loan Agreements for that Aircraft, in form and substance acceptable to debis and the Security Trustee (each acting reasonably);

"**Borrower Share Charges**" means together each Initial Borrower Share Charge and each Alternative Borrower Share Charge, and "**Borrower Share Charge**" means any of them;

"**Borrower Termination Event**" means, in respect of an Aircraft, any of the following events and circumstances:

(a) any Borrower fails to pay any amount due from it and for which (as a result of the application of clause 26) it is personally liable under any Transaction Document for that Aircraft in the currency and in the manner stipulated in that Transaction Document within three (3) Banking Days of the due date therefor (if that amount is a scheduled amount) or within five (5) Banking Days of the due date in all other circumstances;

(b) any Borrower knowingly creates (or consents to the creation of) any Lien, other than any Permitted Lien, over or with respect to that Aircraft, or sells, transfers or otherwise disposes of, or purports to sell, transfer or otherwise dispose of, that Aircraft, other than, in each case, as expressly permitted by the terms of the Transaction Documents;

(c) any Borrower fails to observe or perform in any material respect any of its obligations under any of the Transaction Documents for that Aircraft (other than the obligations mentioned in the other paragraphs of this definition) for a period of thirty (30) days after notice thereof from the Security Trustee;

(d) any representation or warranty made by any Borrower in any of the Transaction Documents for that Aircraft or in any certificate provided by a Borrower under schedule 10 or clause 9 is or proves to have been incorrect in any material respect when made and the circumstances giving rise to that incorrectness are not remedied within thirty (30) days after that Borrower receives notice of that incorrectness from the Security Trustee;

(e) any Insolvency Event occurs in relation to any Borrower which is a party to a Transaction Document for that Aircraft;

(f) any Borrower which is a party to a Transaction Document for that Aircraft repudiates or disclaims all or any of their respective obligations and liabilities under any Transaction Document for that Aircraft or evidences in writing an intention to do the same;

"**Borrower Trustees**" means together the Trustee and each Alternative Borrower Trustee, and "**Borrower Trustee**" means any of them;

"**Borrower's Lien**" means, in respect of an Aircraft, any Lien created by or through the Borrower which is the owner of that Aircraft over that Aircraft, any of its Engines or any of its Parts or exercised, asserted or claimed against that Aircraft, any of its Engines or any of its Parts in respect of a debt, liability or other obligation (whether financial or otherwise) of the Borrower, other than

(a) a debt, liability or other obligation imposed on the Borrower as purchaser of that Aircraft pursuant to the Purchase Documents for that Aircraft or arising from the operation, maintenance, insurance, repair and storage of that Aircraft, any of its Engines or any of its

Parts by any Lessee, any Sub-Lessee or any Sub-Sub-Lessee;

(b) any Lien over that Aircraft created pursuant to any of the Transaction Documents; or

(c) any Lien over that Aircraft arising by Applicable Law where that Lien does not arise as a result of an act or omission of the Borrower unless that act or omission is permitted or required by the Transaction Documents or arises as a result of a breach by either (i) any debis Obligor of its obligations under the Transaction Documents, or (ii) any Sub-Lessee or Sub-Sub-Lessee of its obligations under any Sub-Lease or Sub-Sub-Lease;

"**Borrowers**" means together the Initial Borrowers and each Alternative Borrower, and "**Borrower**" means any of them;

"**British Credits**" in respect of an ECA Loan, has the meaning given to that term in clause 2.2.1 of the ECA Loan Agreement in respect of that ECA Loan;

"**British ECA Portion**" means, in respect of any Aircraft, the percentage determined in accordance with paragraph (c) of Part 2 of schedule 3;

"**British Lenders**" means:

(a) in relation to an Aircraft, together the banks and financial institutions listed in Part I of schedule 2, together with their successors, permitted assigns and permitted transferees in relation to that Aircraft; and

(b) generally, together the banks and financial institutions listed in Part I of schedule 2, together with their successors, permitted assigns and permitted transferees,

and a "**British Lender**" shall mean any of them;

"**British Margin**" means, in respect of an ECA Loan for an Aircraft:

(a) if that Aircraft is a Mismatch Aircraft, zero point three zero per cent. (0.30%) per annum; or

(b) if that Aircraft is an ECA Aircraft, zero point two five per cent. (0.25%) per annum;

"**British National Agent**" means Crédit Lyonnais, a banking institution established under the laws of France acting through its office in England at Broadwalk House, 5 Appold Street, London EC2A 2JP, England, in its capacity as national agent for the British Lenders, together with its successors, permitted assignees and permitted transferees;

"**Buyer Furnished Equipment**" means, in respect of an Aircraft, the buyer furnished equipment relating to that Aircraft supplied to the Seller or Airbus (if not the Seller) on or prior to the Purchase Date for that Aircraft;

"**Cape Town Convention**" means the Convention on International Interests in Mobile Equipment (the "**Convention**") and the Protocol to the Convention on International Interests in Mobile Equipment on Matters Specific to Aircraft Equipment (the "**Protocol**"), both signed in Cape Town, South Africa on the 16 November 2001, together with any protocols, regulations, rules, orders, agreements, instruments, amendments, supplements, revisions or otherwise that have or will be subsequently made in connection with the Convention and/or the Protocol by the "Supervisory Authority" (as defined in the Protocol), the "International Registry" or "Registrar" (as defined in the Convention) or an appropriate "registry authority" (as defined in the Protocol) or any other international or national body or authority;

"**Capital Adequacy Requirement**" means the introduction of, change in, or change in the interpretation of, any law or regulation relating to capital adequacy, liquidity and/or reserve assets applicable to a Lender, including one which makes any change to, or is based on any alteration in, the interpretation of the Basle Paper or which increases the amounts of capital required thereunder, other than, with respect to any Lender, a request or requirement made by way of implementation of the Basle Paper and/or any Applicable Directive and/or any other law or regulation relating to capital adequacy, liquidity and/or reserve assets in the manner in which it is being implemented as at the Signing Date by the applicable regulatory authority or authorities;

"**Certified Copy**" means, in relation to a document, a copy of that document bearing the endorsement "Certified a true, complete and accurate copy of the original, which has not been amended otherwise than by a document, a Certified Copy of which is attached hereto", which has been signed and dated by a person duly authorised by the relevant entity and which complies with that endorsement;

"**CFO Certificate**" means a certificate issued by the chief financial officer for the time being of debis which confirms, by reference to the relevant financial ratios and components thereof, whether or not a Trigger Event had occurred and was continuing as at the immediately preceding Testing Date;

"**Change in Law**" means, in each case after the Signing Date:

(a) the introduction, abolition, withdrawal or variation of any Applicable Law, regulation, practice or concession or official directive, ruling, request, notice, guideline, statement of policy or practice statement by the Bank of England, the Banque de France, the Deutsche Bundesbank, the United States Federal Reserve, the European Union, the European Central Bank or any central bank, tax, fiscal, governmental, international, national or other competent authority or agency (whether or not having the force of law but in respect of which compliance by banks or other financial institutions in the relevant jurisdiction is generally considered to be mandatory or, in the case of the German Parallel Lender, compliance by it with which is customary); or

(b) any change in any interpretation after the Signing Date of any Applicable Law by any Government Entity, tribunal, revenue, international, national, fiscal or other competent authority;

"**COFACE**" means the Export Credit Agency of the French Republic, represented by Compagnie Française d'Assurance pour le Commerce Extérieur;

"**Comfort Letters**" means together the Initial Comfort Letter and each Alternative Borrower Comfort Letter, and "**Comfort Letter**" means any of them;

"**Compulsory Acquisition**" means, in respect of an Aircraft or an Engine, requisition of title or other compulsory acquisition of title (but excluding requisition for use or hire) of that Aircraft or Engine (as the case may be) by a Government Entity;

"**Consent and Agreement**" in respect of an Aircraft, has the meaning given to it in the Purchase Agreement Assignment (if any) in relation to that Aircraft;

"**Contribution**" means (i) in relation to an ECA Lender and an ECA Loan, the principal amount of that ECA Loan owing to that ECA Lender at any relevant time, and (ii) in relation to a Mismatch Lender and a Mismatch Loan, the principal amount of that Mismatch Loan owing to that Mismatch Lender at any time;

"**Cross Collaterialisation Event**" means:

(a) any Lease Termination Event;

(b) any event or circumstance referred to in paragraphs (a) and (e) of the definition of Lease Termination Event which, with any one or more of the lapse of time, the giving of notice, or the making of a determination, would become a Lease Termination Event;

"**Damage Notification Threshold**" means, in respect of an Aircraft, two million Dollars ($2,000,000), escalated to two million five hundred thousand Dollars ($2,500,000) on the fifth anniversary and to three million two hundred thousand Dollars ($3,200,000) on the tenth anniversary of the Signing Date. Notwithstanding the foregoing, debis and the Security Trustee agree that if they are aware of prolonged periods of double digit year-on-year inflation in Dollars, both acting in good faith, they may agree to the escalation of such amount more frequently to the extent reasonably practicable but in no event for periods shorter than one year;

"**debis**" means debis AirFinance B.V., a company organised and existing under the laws of The Netherlands whose registered office is at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands;

"**debis Group**" means debis and its Subsidiaries from time to time;

"**debis Group Company**" means any member of the debis Group;

"**debis Ireland**" means debis AirFinance Ireland plc;

"**debis Obligors**" means together each Lessee, debis and each Lessee Parent, and " **debis Obligor**" means any of them;

"**Declarations of Trust**" means together the Principal Declaration of Trust and each Alternative Declaration of Trust, and "**Declaration of Trust**" means any of them;

"**Default Interest Period**" means, in respect of an Unpaid Amount, each period (not exceeding six (6) months) as the relevant Agent or, in the case of clause 8.3 of any Lease, the relevant Borrower selects in its absolute discretion, the first such period commencing on the date on which the Unpaid Amount was due and each subsequent period commencing on the last day of the preceding period for so long as the relevant default continues;

"**Default Rate**" means, in respect of an Unpaid Amount and any relevant period, the rate equal to the aggregate of (i) two per cent. (2%) per annum, (ii) the applicable Margin, and (iii) (if that Unpaid Amount is due in Dollars) LIBOR for that period or (if that Unpaid Amount is due in Euro) EURIBOR for that period or (if that Unpaid Amount is due in another currency) the cost of funds of the relevant unpaid Finance Party for that period in the Relevant Interbank Market;

"**Delivery Date**" means, in respect of an Aircraft, the Aircraft Delivery Date as defined in the Lease for that Aircraft;

"**Deregistration Power of Attorney**" means, in respect of an Aircraft, each deregistration power of attorney issued by the relevant Sub-Lessee or Sub-Sub-Lessee in favour of the Lessee of that Aircraft in a form approved by the Security Trustee acting reasonably;

"**Dollars**" and "**$**" means the lawful currency for the time being of the United States of America.

"**Drawdown Notice**" means an ECA Drawdown Notice or a Mismatch Drawdown Notice;

"**Dutch Documents**" means together each Dutch Supplemental Pledge (Lessee Assignment) and each Dutch Supplemental Pledge (Security Assignment);

"**Dutch Supplemental Pledge (Lessee Assignment)**" means, in relation to any Lessee, the Dutch supplemental pledge to Lessee Assignment entered or to be entered into between that Lessee as pledgor and the relevant Borrower as pledgee;

"**Dutch Supplemental Pledge (Security Assignment)**" means, in relation to any Borrower, the Dutch supplemental pledge to Security Assignment entered or to be entered into between that Borrower as pledgor and repledgor and the Security Trustee as pledgee and repledgee;

"**EC Treaty**" means the Treaty establishing the European Community (signed in Rome on 25 March, 1957), as amended by the Treaty on European Union (signed in Maastricht on 7 February, 1992) and as amended by the Treaty of Amsterdam (signed in Amsterdam on 2 October 1997);

"**ECA Acceleration Notice**", in respect of an ECA Loan, has the meaning ascribed to it in clause 7 of the ECA Loan Agreement in respect of that ECA Loan;

"**ECA Agent**" means Crédit Lyonnais, a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France in its capacity as agent for the ECA Lenders, together with its successors, permitted assignees and permitted transferees;

"**ECA Aircraft**" means, at any time, each Aircraft for which there is at that time no Mismatch Loan;

"**ECA Availability Period**" means the period from the Signing Date up to and including 31 December 2005 or such later date as the parties hereto may agree, subject to earlier termination as provided for herein;

"**ECA Broken Funding Gains**" in respect of an ECA Loan, shall have the meaning given to that term in clause 9.2.3 of the ECA Loan Agreement in respect of that ECA Loan;

"**ECA Commitment**" means, in relation to an Aircraft at any time prior to the drawdown of the ECA Loan for that Aircraft:

(a) in the case of a British Lender, that British Lender's ECA Portion of (i) the British ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (a) of the definition thereof for that ECA Loan;

(b) in the case of a French Lender, that French Lender's ECA Portion of (i) the French ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (b) of the definition thereof for that ECA Loan;

(c) in the case of a German Lender, that German Lender's ECA Portion of (i) the German ECA Portion for that Aircraft of the Maximum ECA Aircraft Amount for that Aircraft, plus (ii) the Qualifying ECA Premium referred to in paragraph (c) of the definition thereof for that ECA Loan,

in each case, as specified in schedule 2 to the ECA Loan Agreement for that Aircraft and/or any Transfer Certificate, in each case, as the same may be reduced or increased pursuant to any Transfer Certificate and/or further reduced or cancelled pursuant to the terms of the Transaction Documents;

"**ECA Drawdown Date**" means, in respect of an ECA Loan, the date specified as such in the ECA Drawdown Notice issued pursuant to clause 3.1 of the relevant ECA Loan Agreement or such other date as the parties may agree;

"**ECA Drawdown Notice**" means, in respect of an ECA Loan, a notice in the form of schedule 3 to the ECA Loan Agreement for that ECA Loan;

"**ECA Facility**" means the term loan facility made available by the ECA Lenders to the Borrowers pursuant to clause 2.1;

"**ECA Facility Amount**" means eight hundred and forty million Dollars ($840,000,000);

"**ECA Finance Parties**" means together the ECA Lenders and the ECA Representatives, and "**ECA Finance Party**" means any of them;

"**ECA Indemnitee**" means each of the ECA Agent, the National Agents, the Security Trustee and each ECA Lender, together with their respective officers, directors, agents, employees, successors and permitted assignees and transferees;

"**ECA Interest Period**" means, in respect of an ECA Loan, each period commencing from (and including) the ECA Drawdown Date in respect of that ECA Loan or (as the case may be) an ECA Repayment Date in respect of that ECA Loan to (but excluding) the next

succeeding ECA Repayment Date in respect of that ECA Loan;

"**ECA Lenders**" means:

(a) in relation to an Aircraft, together the British Lenders for that Aircraft, the French Lenders for that Aircraft and the German Lenders for that Aircraft; and

(b) generally, together the British Lenders, the French Lenders and the German Lenders,

and an "**ECA Lender**" shall mean any of them;

"**ECA Loan**" means the principal amount of the borrowing under an ECA Loan Agreement or, as the context may require, the principal amount of that borrowing for the time being outstanding, being the aggregate principal amount of the British Credits, the French Credits and the German Credits owing to the ECA Lenders under that ECA Loan Agreement from time to time;

"**ECA Loan Agreement**" means, in respect of an Aircraft or an ECA Loan, the ECA loan agreement relating thereto entered or to be entered into between the relevant Borrower, the ECA Agent (for itself and as agent for the ECA Lenders) and the Security Trustee, substantially in the form set out in schedule 6 but, in the case of an ECA Loan denominated in Euro, amended as necessary to reflect the fact that that ECA Loan is denominated in Euro;

"**ECA Loan Amount**" in respect of an ECA Loan, shall have the meaning given to that term in clause 2.1 of the ECA Loan Agreement for that ECA Loan;

"**ECA Margin**" means (i) for the purposes of the British Credits, the British Margin, (ii) for the purposes of the French Credits, the French Margin and (iii) for the purposes of the German Credits, the German Margin;

"**ECA Portion**" means, in respect of any ECA Lender and any Aircraft, that percentage of the British ECA Portion, the French ECA Portion or, as applicable, the German ECA Portion specified opposite that ECA Lender in the relevant part of schedule 2 or, in the case of any of the German Lenders referred to in paragraph (b) of the definition thereof, agreed pursuant to clause 4.2.2(d)(ii), in each case, as specified in schedule 2 to the ECA Loan Agreement for that Aircraft and/or any Transfer Certificate, in each case, as the same may be reduced or increased pursuant to any Transfer Certificate and/or further reduced or cancelled pursuant to the terms of the Transaction Documents;

"**ECA Premium**" means, in respect of any Export Credit Agency and any ECA Loan, the fee which is payable to that Export Credit Agency in consideration for that Export Credit Agency guaranteeing, insuring or otherwise covering the relevant participation of the British Lenders, the French Lenders and the German Lenders respectively in that ECA Loan;

"**ECA Repayment Date**" means, in respect of an ECA Loan:

(a) the third Reference Date occurring after the ECA Drawdown Date in respect of that ECA Loan or, in respect of an ECA Loan for the Initial Aircraft, such other date as debis and the ECA Agent may agree;

(b) each subsequent Reference Date occurring at three (3) monthly intervals thereafter prior to the Final ECA Repayment Date in respect of that ECA Loan; and

(c) the Final ECA Repayment Date in respect of that ECA Loan,

in each case, as or to be (as the case may be) set forth in column (1) of schedule 1 to the ECA Loan Agreement in respect of that ECA Loan, provided that if any such date is not a Banking Day, the relevant ECA Repayment Date shall instead be the next succeeding Banking Day, unless that next succeeding Banking Day falls in the next calendar month, in which case, it shall be the immediately preceding Banking Day;

"**ECA Repayment Instalment**" means, in respect of an ECA Loan and an ECA Repayment Date, the principal amount due and payable on that ECA Repayment Date, as determined in accordance with clause 4.2 of the ECA Loan Agreement in respect of that ECA Loan and as set out in schedule 1 to that ECA Loan Agreement, together with interest thereon payable pursuant to clause 4.1 of that ECA Loan Agreement;

"**ECA Representatives**" means together the ECA Agent, the Security Trustee and each of the National Agents, and "**ECA Representative**" means any of them;

"**ECA Termination Amount**" means, in respect of an ECA Loan, the amount required to be paid on the prepayment or acceleration of that ECA Loan being the aggregate of:

(a) the unpaid principal balance of that ECA Loan at the relevant time;

(b) all interest which has accrued in respect of that ECA Loan to the date of that prepayment or acceleration and remains unpaid;

(c) all (if any) amounts due pursuant to clauses 9.2 and 9.3 of the ECA Loan Agreement in respect of that ECA Loan; and

(d) any other amounts due and payable with respect to that ECA Loan by any relevant Obligor under any Transaction Document which shall remain unpaid;

"**ECA Utilisation Block Event**" means any event described as such which debis and the ECA Agent have agreed in writing may, if the same has occurred and is continuing, result in the relevant Borrower being unable to borrow an ECA Loan;

"**ECA Utilisation Documentation**" means, in respect of an Aircraft and its ECA Loan:

(a) the ECA Loan Agreement for that Aircraft;

(b) the ECA Utilisation Notice for that Aircraft;

(c) the Purchase Documents for that Aircraft;

(d) the Lease for that Aircraft;

(e) the Lessee Assignment for that Aircraft;

(f) the Acceptance Certificate for that Aircraft;

(g) the Mortgage (if any) for that Aircraft;

(h) the English Law Mortgage for that Aircraft and (if applicable) the related English Law Mortgage Letter;

(i) the Airframe Warranties Agreement for that Aircraft;

(j) the Engine Warranties Agreement for that Aircraft;

(k) where an Alternative Obligor is involved in the ownership and/or leasing structure for that Aircraft, all documents required in relation thereto pursuant to clause 9;

"**ECA Utilisation Notice**" means any notice given by debis pursuant to clause 4.1 and substantially in the form of schedule 4;

"**ECGD**" means Her Britannic Majesty's Secretary of State acting by the Export Credits Guarantee Department;

"**Engine**" or "**Engines**" means, in respect of an Aircraft:

(a) each of the engines identified in schedule 1 to the Lease for that Aircraft whether or not from time to time installed on the Airframe or any other airframe unless and until title thereto is transferred to the relevant Lessee or its designee pursuant to clause 11.5.3 of that Lease; or

(b) any replacement Engine substituted therefor which becomes the property of the relevant Borrower including, if applicable, any other Engine which may from time to time be installed upon or attached to the Airframe and which becomes the property of the relevant Borrower; or

(c) insofar as the same belong to the relevant Borrower, any and all Parts and Replacement Parts of whatever nature from time to time relating to an engine referred to in (a) and (b) above, whether or not installed on or attached to that engine;

"**Engine Manufacturer**" means either CFM International, S.A. or IAE International Aero Engines AG and, in each case, its successors and permitted assigns;

"**Engine Warranties**" means, in respect of the Engines relating to an Aircraft, the warranties granted by the applicable Engine Manufacturer under the Engine Warranties Agreement for that Aircraft;

"**Engine Warranties Agreement**" means, in respect of an Aircraft, the engines warranties agreement relating to that Aircraft entered or to be entered into on or prior to the Delivery Date for that Aircraft between, amongst others, the relevant Engine Manufacturer, debis, the relevant Borrower, the relevant Sub-Lessee and the Security Trustee which shall be in the agreed form or otherwise in form and substance reasonably satisfactory to the Security Trustee;

"**English Law Mortgage**" means, in respect of an Aircraft, the mortgage subject to English law for that Aircraft to be entered into between the relevant Borrower and the Security Trustee which shall be in the agreed form or otherwise in form and substance reasonably satisfactory to the Security Trustee;

"**English Law Mortgage Letter**" means, in respect of any English Law Mortgage, a letter in the form of schedule 12 duly executed by

the Borrower which owns the Aircraft to which that English Law Mortgage relates and the Lessee of that Aircraft;

"**EONIA**" means the weighted average overnight rate calculated by the European Central Bank on all overnight unsecured lending transactions carried out in the Euro area interbank money market and reported by the panel of reference banks selected for the calculation of the EONIA, as published on page 247 of the Bridge/Telerate server or any other page as may replace such page, by the Banking Federation of the European Union, prior to the start of operations on the TARGET Day following its reporting to the European Central Bank (D+1) by those reference banks;

"**Equity**" means, at any time, the sum of debis' share capital plus retained earnings (or, as applicable, accumulated deficit) minus debis' OCL or, as applicable, plus debis' OCI, in each case, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 7.2.3;

"**EURIBOR**" means in relation to any amount denominated in Euro and for any period:

(a) the percentage rate per annum which is sponsored by the European Banking Federation and which appears on Telerate page 248 or such other page as may replace that page 248 on that system or on any other system of the information vendor for the time being designated by the European Banking Federation to be the official collector, calculator and distributor of the Euro interbank offered rate at or about 11.00 a.m. Brussels time on the second TARGET Day before the first day of that period; or

(b) if (a) does not apply, the arithmetic mean (rounded upwards, if necessary, to the nearest four decimal places) of the rates, as supplied to the relevant Agent at its request, quoted by the Reference Banks to leading banks in the European interbank market at or about 11.00 a.m. Brussels time on the second TARGET Day before the first day of that period for the offering of deposits in Euro and in an amount comparable with that amount and for a period comparable to that period;

"**Euros**" and "**Euro**" mean the lawful currency from time to time of the member states of the European Union that adopt the single currency in accordance with the EC Treaty;

"**Euro Equivalent**" shall have such meaning, in terms of both the method of calculation and the timing for calculation, as the ECA Agent and debis may from time to time agree;

"**Excluded Taxes**" means:

(a) any Tax, other than any Tax which is imposed by way of deduction or withholding from a payment, which is imposed on or suffered by the affected Finance Party or payable to the affected Finance Party with respect to, or measured by, the income or capital gain of the affected Finance Party imposed by:

(i) the jurisdiction of its Lending Office, unless it is imposed or suffered in consequence of any failure by any other party to any Transaction Document to perform any of its obligations thereunder; or

(ii) any other jurisdiction, other than the Cayman Islands, the Netherlands, Ireland and any other jurisdiction in which any Obligor has its State of Incorporation from time to time, unless such Tax is imposed or suffered in consequence of (A) a failure by any party to the Transaction Documents to perform its obligations thereunder, (B) any of the matters referred to in clause 9.1.1 of any Loan Agreement, (C) any other connection between any Obligor and such jurisdiction, and/or (D) any payment by any Obligor under the Transaction Documents being made from, within or through such jurisdiction; or

(b) any Tax which would not have arisen but for the existence of any Finance Party Lien created by or through the affected Finance Party; or

(c) any Tax to the extent that that Tax would not have been imposed or suffered, or otherwise would not have arisen, but for any breach by the affected Finance Party of any of its express obligations under any of the Transaction Documents (but excluding any breach in consequence of a failure by any other party to a Transaction Document to perform any of its obligations thereunder); or

(d) any Tax to the extent that that Tax would not have been imposed or suffered but for any misrepresentation made by the affected Finance Party under any of the Transaction Documents to which it is a party (but excluding any breach in consequence of a failure by any other party to a Transaction Document to perform any of its obligations thereunder); or

(e) any Tax which would not have been imposed or suffered but for a reasonably avoidable delay or failure by the affected Finance Party in filing tax computations or returns, or in paying any Tax, which:

(i) it is required by Applicable Law of the jurisdiction of its Lending Office to file or, as applicable, pay; or

(ii) it is required by any other Applicable Law to file or, as applicable, pay and:

(A) debis (acting reasonably) has requested the affected Finance Party to make that filing or, as applicable, pay that Tax, and

(B) in the case of the payment of a Tax, other than a Tax which is an Excluded Tax pursuant to the other provisions of this definition, there has been advanced to the affected Finance Party sufficient funds to enable it to pay the Tax in

full; or

(f) any Tax which arises solely from an act or omission which constitutes gross negligence or wilful default by the affected Finance Party; or

(g) in relation to clause 9.1 of any Loan Agreement, a Tax attributable to an act, matter, circumstance or thing done, arising or occurring after the date on which title to the relevant Aircraft shall have been transferred to the relevant Lessee under the Lease for that Aircraft (such date being herein referred to as the "**Compliance Date**"), but only to the extent not attributable, in whole or in part, to circumstances, acts, omissions, incidents or events occurring on or before the Compliance Date;

"**Existing Aircraft**" shall have the meaning given to that term in clause 12.7.1;

"**Expenses**" means all and any fees, costs and expenses (and, in the case of the expenses of the Representatives under paragraphs (c), (d) and (h) below, including (but otherwise excluding) all reasonable expenses referable to the cost of management time), reasonably and properly incurred:

(a) by the Security Trustee and every agent or other person appointed by the Security Trustee in connection with its appointment under this Agreement in the execution or exercise or *bona fide* purported execution or exercise of the trusts, rights, powers, authorities and duties created or conferred by or pursuant to the Transaction Documents or in respect of any action taken or omitted by the Security Trustee or any such agent or other person under the Transaction Documents or otherwise in relation to the Trust Property, in each case, in a manner consistent

with the rights and interests of the Finance Parties under the Transaction Documents, unless they result from the Security Trustee's or (as applicable) such other agent's or person's own gross negligence or wilful misconduct;

(b) by any Agent in the execution or exercise or *bona fide* purported execution or exercise of the rights, powers, authorities and duties created or conferred by or pursuant to the Transaction Documents or in respect of any action taken or omitted by any Agent under the Transaction Documents, in each case, in a manner consistent with the rights and interests of the Finance Parties under the Transaction Documents, including (without limitation) as a result of investigating any event which it reasonably believes is a Termination Event or Relevant Event or acting or relying on any notice, request or instruction which it reasonably believes to be genuine, correct and appropriately authorised, unless they result from that Agent's own gross negligence or wilful misconduct;

(c) by any of the Finance Parties or the Export Credit Agencies in contemplation of, or otherwise in connection with, the enforcement or attempted enforcement of, or the preservation or attempted preservation of any rights under, any of the Transaction Documents after the occurrence of a Lease Termination Event which is then continuing;

(d) by any of the Finance Parties or the Export Credit Agencies in preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of any of the Aircraft or in securing the release of any of the Aircraft from arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention;

(e) by any of the Finance Parties or the Export Credit Agencies in connection with the negotiation, preparation and execution of each of the Transaction Documents and the delivery of the Aircraft, subject to (where applicable) agreed caps;

(f) by any of the Finance Parties or the Export Credit Agencies in connection with the consideration, review and implementation of any new ownership and leasing structure or the accession of any Alternative Obligor pursuant to clause 9;

(g) by any of the Finance Parties or the Export Credit Agencies in connection with the implementation of any Sub-Lease and/or Sub-Sub-Lease in accordance with the requirements of this Agreement;

(h) by any of the Finance Parties or the Export Credit Agencies in connection with any other variation, amendment, supplement, restructuring or novation of, or the granting of any release, waiver or consent in connection with, any of the Transaction Documents, in each case, if requested by a debis Obligor,

together with, in each case, any applicable Value Added Tax thereon, and provided always that, if no Lease Termination Event has at the relevant time occurred and is then continuing, or to do so would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected, based on advice received by the Security Trustee and shared with debis from reputable legal counsel in the relevant jurisdictions, the person incurring the fee, cost or expense shall first consult in good faith with debis in relation thereto and provide an estimate of the amount of the relevant fee, cost or expense;

"**Export Credit Agencies**" means together COFACE, ECGD and HERMES, and "**Export Credit Agency**" means any of them;

"**FAA**" means the Federal Aviation Administration (or its successor) of the United States of America;

"**Fees Letters**" means together:

(a) the various letters dated on or about the Signing Date between, inter alia, debis and Crédit Lyonnais in relation to fees; and

(b) the various letters dated on or about the Signing Date between, inter alia, debis and the German Parallel Lender in relation to fees;

"**Final Disposition**" means, in respect of an Aircraft and following the enforcement of rights under the Security Documents:

(a) the sale against immediate payment in cash or for other consideration, whether through an agent on or otherwise, of any right, title and interest in and to that Aircraft (including, without limitation, a sale to the relevant Lessee, debis and/or any other person other than to a Borrower and whether pursuant to the terms of the relevant Lease or otherwise howsoever); or

(b) completion by delivery of that Aircraft to the purchaser or lessee (as the case may be) of a sale, lease or other disposition, pursuant to a conditional sale, hire purchase, full pay-out finance lease or other arrangement providing for the payment in full of the purchase price of that Aircraft over an agreed period of time and involving the retention of title to, or a security or similar interest in, that Aircraft;

"**Final Disposition Proceeds**" means, in respect of an Aircraft, the aggregate amount of:

(a) all consideration (whether cash or otherwise) received and retained by or on behalf of any Obligor or any Secured Party as a result of the Final Disposition of that Aircraft;

(b) any cash (including any non-refundable deposits) received and retained as a result of the sale or proposed sale by any Obligor or any Secured Party of any right, title and interest in and to any agreement for the Final Disposition of that Aircraft in a manner contemplated by paragraph (b) of the definition of Final Disposition or any non-cash consideration received by any of them as a result of the Final Disposition of that Aircraft or, where the Final Disposition provides for the payment in full of the purchase price of that Aircraft over an agreed period of time, all cash receipts in respect of that Final Disposition;

"**Final ECA Repayment Date**" means in respect of any ECA Loan, the twelfth (12th) or tenth (10th) anniversary of the Purchase Date for the Aircraft to which that ECA Loan relates or such earlier date as may be agreed between debis and the ECA Agent, as specified in the ECA Loan Agreement for that ECA Loan, provided that if such date is not a Banking Day, the Final ECA Repayment Date shall instead be the next succeeding Banking Day, unless that next succeeding Banking Day falls in the next calendar month, in which case, it shall be the immediately preceding Banking Day;

"**Finance Parties**" means the ECA Finance Parties and the Mismatch Finance Parties, and "**Finance Party**" means any of them;

"**Finance Party Lien**" means any Lien over an Aircraft or any part thereof:

(a) created by an act or omission of a Finance Party, in each case, in breach of its express obligations under the terms of the Transaction Documents; or

(b) exercised against that Aircraft or any part thereof as a direct result of a debt, liability or other obligation (financial or otherwise) owed by a Finance Party other than:

(i) a debt, liability or obligation arising from the possession, use or operation of the Aircraft by a Lessee, any Sub-Lessee or any Sub-Sub-Lessee; or

(ii) for which the Finance Party is entitled to be indemnified pursuant to the terms of the Transaction Documents and the Finance Party shall not have received the corresponding amount;

"**Financial Indebtedness**" means any indebtedness for or in respect of:

(a) moneys borrowed;

(b) any amount raised by acceptance under any acceptance credit facility;

(c) any amount raised pursuant to any note purchase facility or the issue of bonds, notes, debentures, loan stock or any similar instrument;

(d) the amount of any liability in respect of any lease or hire purchase contract which would, in accordance with GAAP, be treated as a finance or capital lease;

(e) receivables sold or discounted (other than any receivables to the extent they are sold on a non-recourse basis);

(f) any amount raised under any other transaction (including any forward sale or purchase agreement) having the commercial effect of a borrowing;

(g) any derivative transaction entered into in connection with protection against or benefit from fluctuation in any rate or price (and,

when calculating the value of any individual derivative transaction, only the marked to market value of that derivative transaction shall be taken into account);

(h) any counter-indemnity obligation in respect of a guarantee, indemnity, bond, standby or documentary letter of credit or any other instrument issued by a bank or financial institution; and

(i) the amount of any liability in respect of any guarantee or indemnity for any of the items referred to in paragraphs (a) to and including (h) above,

but excluding (in each case):

(i) Subordinated Debt; and

(ii) any counter-indemnity obligation of the nature referred to in paragraph (h) above and/or any derivative transaction referred to in paragraph (g) above, in each case, where all obligations and liabilities under the corresponding instrument are fully cash-collateralised;

"**First Aircraft**" means the first Aircraft identified in Part 1 of schedule 3;

"**First Aircraft Borrower**" means Sundance Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands;

"**First Mismatch Advance Date**" means, in respect of a Mismatch Loan:

(a) in the case of a Mismatch Loan for an Aircraft other than the 2003 Aircraft, the ECA Drawdown Date under the ECA Loan Agreement for that Aircraft; or

(b) in the case of a Mismatch Loan for the 2003 Aircraft, the first ECA Repayment Date under the ECA Loan Agreement for that Aircraft which falls after the date on which the Mismatch Loan Agreement for that Mismatch Loan is entered into by the parties thereto;

"**Fourth Aircraft**" means the fourth Aircraft identified in Part 1 of schedule 3;

"**Fourth Aircraft Borrower**" means Sunglow Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands,

"**French ECA Portion**" means, in respect of any Aircraft, the percentage determined in accordance with paragraph (c) of Part 2 of schedule 3;

"**French Credits**" in respect of an ECA Loan, has the meaning given to that term in clause 2.2.2 of the ECA Loan Agreement in respect of that ECA Loan;

"**French Lenders**" means:

(a) in relation to an Aircraft, together the banks and financial institutions listed in Part II of schedule 2, together with their successors, permitted assigns and permitted transferees in relation to that Aircraft; and

(b) generally, together the banks and financial institutions listed in Part II of schedule 2, together with their successors, permitted assigns and permitted transferees,

and a "**French Lender**" shall mean any of them;

"**French Margin**" means, in respect of an ECA Loan for an Aircraft:

(a) if that Aircraft is a Mismatch Aircraft, zero point three zero per cent. (0.30%) per annum; or

(b) if that Aircraft is an ECA Aircraft, zero point two five per cent. (0.25%) per annum;

"**French National Agent**" means Crédit Lyonnais a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, in its capacity as national agent for the French Lenders, together with its successors, permitted assignees and permitted transferees;

"**German Credits**" in respect of an ECA Loan, has the meaning given to that term in clause 2.2.3 of the ECA Loan Agreement in respect of that ECA Loan;

"**German ECA Portion**" means, in respect of any Aircraft, the percentage determined in accordance with paragraph (c) of Part 2 of

schedule 3;

"**German Lenders**" means:

(a) in respect of any of the Initial Aircraft, together the banks and financial institutions listed in Part III of schedule 2, together with their successors, permitted assigns and permitted transferees in relation to that Initial Aircraft;

(b) in respect of each other Aircraft, such persons as may be agreed and (if applicable) accede to this Agreement pursuant to clause 4.2.2(d)(ii) , together with their successors, permitted assigns and permitted transferees in relation to that Aircraft; and

(c) generally, together all of the foregoing,

and a "**German Lender**" shall mean any of them;

"**German Margin**" means:

(a) in respect of the ECA Loans for the 2003 Aircraft, zero point three zero per cent. (0.30%) per annum;

(b) in respect of the ECA Loans for the other Aircraft, zero point three zero per cent. (0.30%) per annum or such other amount as the German National Agent may from time to time notify the ECA Agent and debis in writing;

"**German National Agent**" means:

(a) in respect of the Initial Aircraft, Kreditanstalt für Wiederaufbau, a public corporation established under the laws of Germany and having its principal place of business at Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Federal Republic of Germany;

(b) in respect of each other Aircraft, the German Lender agreed between debis and that German Lender as the person who will act as national agent for the German Lenders in respect of that Aircraft,

in each case, together with its successors, permitted assignees and permitted transferees;

"**German Parallel Lender**" means Kreditanstalt für Wiederaufbau, a public corporation established under the laws of Germany and having its principal place of business at Palmengartenstrasse 5-9, 60325 Frankfurt am Main, Federal Republic of Germany, together with its successors, permitted assigns and permitted transferees;

"**Government Entity**" means (i) any national, state or local government, (ii) any board, commission, department, division, courts or agency or political sub-division thereof, howsoever constituted, and (iii) any association, organisation or institution (international or otherwise) of which any entity mentioned in (i) or (ii) above is a member or to whose jurisdiction it is subject or in whose activities it is a participant;

"**Guarantee**" means the guarantee dated the Signing Date between debis and the Borrowers pursuant to which debis guarantees the performance of the obligations and liabilities of the Lessees;

"**Habitual Base**" means each country in which the Aircraft is based from time to time in accordance with paragraph 1 of schedule 7;

"**Heavy Maintenance Check**" means a "4C/5Y check" or "8C/10Y check", as the case may be, or equivalent zonal/structural checks;

"**HERMES**" means the Export Credit Agency of Germany, represented by Hermes Kreditversicherungsaktiengesellschaft;

"**Holding Company**" means, in relation to any person, any other person in respect of which it is a Subsidiary;

"**Home Countries**" means the United Kingdom, the French Republic and Germany, and "**Home Country**" shall mean any of them;

"**Home Country Aircraft**" means any Aircraft which is leased, on the Delivery Date for that Aircraft or at any time during the first two years following that Delivery Date, to an Operator Lessee incorporated in a Home Country. For the avoidance of doubt, once an Aircraft has become a Home Country Aircraft in accordance the above test, it shall remain a Home Country Aircraft for the purposes of the calculation referred to in clause 8.3.1 until the second anniversary of the Delivery Date for that Aircraft;

"**Hull Additional Insureds**" has the meaning specified in 16(c)(i) of schedule 7;

"**IATA**" means the International Air Transport Association;

"**Indemnitees**" means the ECA Indemnitees, the Mismatch Indemnitees and the Borrowers, and "**Indemnitee**" means any of them;

"**Initial Administration Agreement**" means, in respect of the Initial Borrowers and any Alternative Borrower managed by the Initial Manager, the agreement entitled "Corporate Services Agreement" dated on or about the Signing Date and made between the Initial Manager, each Initial Borrower, the Security Trustee and debis;

"**Initial Aircraft**" means, as the context may require, any or all of the First Aircraft, the Second Aircraft, the Third Aircraft and the Fourth Aircraft;

"**Initial Borrower Floating Charge**" means, in relation to an Initial Borrower, the floating charge dated on or about the Signing Date and granted by that Initial Borrower in favour of the Security Trustee;

"**Initial Borrower Share Charge**" means, in relation to an Initial Borrower, the charge over shares dated on or about the Signing Date and made between the Trustee (in the case of the Principal Borrower) or the Principal Borrower (in the case of each of the other Initial Borrowers) and the Security Trustee in respect of the entire issued share capital of that Initial Borrower;

"**Initial Borrowers**" means together the Principal Borrower, the First Aircraft Borrower, the Second Aircraft Borrower, the Third Aircraft Borrower and the Fourth Aircraft Borrower, and "**Initial Borrower**" means any of them;

"**Initial Comfort Letter**" means, in respect of the Initial Manager, the letter dated on or about the Signing Date and issued by Walkers in favour of the Security Trustee and debis;

"**Initial Sub-Leases**" means:

(a) in respect of the First Aircraft, the aircraft lease agreement dated 20 December 2001 and made between debis and the Initial Sub-Lessee, as amended and novated by debis to the Principal Dutch Lessee pursuant to an aircraft lease novation and amendment agreement dated on or about the Signing Date and made between debis, the Principal Dutch Lessee, the Initial Sub-Lessee and MyTravel Group plc (formerly known as Airtours Plc);

(b) in respect of the Second Aircraft, the aircraft lease agreement dated 20 December 2001 and made between debis and the Initial Sub-Lessee, as amended and novated by debis to the Principal Dutch Lessee pursuant to an aircraft lease novation and amendment agreement dated on or about the Signing Date and made between debis, the Principal Dutch Lessee, the Initial Sub-Lessee and MyTravel Group plc (formerly known as Airtours Plc);

(c) in respect of the Third Aircraft, the aircraft lease agreement dated 20 December 2001 and made between debis and the Initial Sub-Lessee, as amended and novated by debis to the Principal Dutch Lessee pursuant to an aircraft lease novation and amendment agreement dated on or about the Signing Date and made between debis, the Principal Dutch Lessee, the Initial Sub-Lessee and MyTravel Group Plc (formerly known as Airtours plc);

(d) in respect of the Fourth Aircraft, the aircraft lease agreement dated 20 December 2001 and made between debis and the Initial Sub-Lessee, as amended and novated by debis to the Principal Dutch Lessee pursuant to an aircraft lease novation and amendment agreement dated on or about the Signing Date and made between debis, the Principal Dutch Lessee, the Initial Sub-Lessee and MyTravel Group Plc (formerly known as Airtours plc),

and "**Initial Sub-Lease**" means each or any of them (as the context may require);

"**Initial Sub-Lessee**" means My Travel Airways A/S (formerly known as Premiair A/S);

"**Initial Manager**" means Walkers SPV Limited, in its capacity as manager of the each Initial Borrower;

"**Insolvency Event**" means, in relation to any person, any of the following (whether or not on a temporary basis):

(a) any encumbrancer takes possession of, or a trustee, examiner, liquidator, administrator, receiver, custodian or similar officer is appointed in respect of, that person or all or substantially all of the business or assets of that person unless that person shall have obtained a stay of execution in respect thereof and the release of any property subjected thereto (i) within thirty (30) days, or (ii) if in the meantime an appeal is being presented in good faith (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), sixty (60) days, so long as there are no reasonably grounds to believe that that possession or appointment involves any material likelihood of the sale, forfeiture or loss of the Airframe, any Engine or any Part or any interest therein;

(b) all or substantially all of the business or assets of that person is attached, sequestered, levied upon or subjected to any form of distraint or execution, unless:

(i) that attachment, sequestration, levy, distraint or execution is being contested in good faith by that person in appropriate proceedings; and

(ii) that person shall have obtained a stay of that attachment, sequestration, levy, distraint or execution and the release of any property subjected thereto (i) within thirty (30) days, or (ii) if in the meantime an appeal is being presented in good faith (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), sixty (60) days, so long as there are

no reasonable grounds to believe that that attachment, sequestration, levy, distraint or execution involves any material likelihood of the sale, forfeiture or loss of the Airframe, any Engine or any Part or any interest therein; and

(iii) that attachment, sequestration, levy, distraint or execution, whether or not stayed or released, shall not, in the opinion of the Security Trustee (acting reasonably), have a material adverse effect on that person's ability to perform its obligations under any of the Transaction Documents;

(c) that person is or becomes, or shall be deemed for the purpose of any law to be, insolvent or unable to pay its debts as they fall due, or shall admit in writing its inability to pay its debts as they fall due;

(d) that person suspends or threatens in writing to suspend making payments (whether of principal or interest or rentals or otherwise) with respect to all or substantially all of its debts, or a moratorium is declared in respect of all or substantially all of its debts;

(e) that person convenes a meeting for the purpose of considering, or makes, a resolution for the liquidation, or other relief under any bankruptcy, compromise, arrangement, insolvency, readjustment of debt, suspension of payments, dissolution, liquidation, administration, examination or similar law, whether now or hereafter in effect (herein called a "**Bankruptcy Law**") or any scheme or arrangement or composition with, or any assignment for the benefit of, its creditors;

(f) a petition for liquidation, reorganisation or other relief under any Bankruptcy Law is filed by any person other than that person and that petition shall remain undismissed and unstayed for a period of sixty (60) days, or a decree or order for relief shall be entered against that person under any Bankruptcy Law, provided that this paragraph (f) shall not apply to any such petition issued in any state or jurisdiction where that person does not have or hold substantial or material assets if that petition is demonstrated by that person to the reasonable satisfaction of the Security Trustee (acting reasonably) to be of a frivolous, vexatious or non-meritorious nature;

(g) pursuant to an order, judgment or decree of any court or tribunal or authority of competent jurisdiction (whether under or in relation to any Bankruptcy Law or otherwise), that person is declared or adjudged to be wound-up, dissolved, placed in administration, in suspension of payments, liquidated, insolvent, bankrupt, subject to reorganisation or subject to any other similar relief, provided that this paragraph (g) shall not apply to any such order, judgment or decree of a court, tribunal or authority of any state or jurisdiction where that person does not have or hold substantial or material assets if the proceedings in relation to which that order, judgment or decree is given are demonstrated by that person to the reasonable satisfaction of the Security Trustee (acting reasonably) to be of a frivolous, vexatious or non-meritorious nature;

(h) that person shall commence a voluntary case or other proceeding seeking liquidation, reorganisation or other similar relief with respect to itself or its debts under any Bankruptcy Law or seeking the appointment of a trustee, examiner, liquidator, administrator, receiver, custodian or similar official of that person or all or substantially all of its business or assets, or shall consent to any such relief or to the appointment of or taking possession by any such official, or shall take any corporate action to authorise any of the foregoing;

(i) an involuntary case or other proceeding shall be commenced against that person seeking liquidation, reorganisation or other relief with respect to that person or its debts under any Bankruptcy Law or seeking the appointment of a trustee, examiner, liquidator, administrator, receiver, custodian or similar official of that person or all or substantially all of its business or assets, and that involuntary case or other proceeding shall remain undismissed and unstayed for a period of (i) thirty (30) days, or (ii) with respect to which an appeal is being presented in good faith and with respect to which there shall have been secured a stay of execution pending the determination of that appeal (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided) sixty

(60) days, so long as there are no reasonable grounds to believe that that judgment or award involves any material likelihood of the sale, forfeiture or loss of the Airframe, any Engine or any Part or any Part or any interest therein,

provided that this paragraph (i) shall not apply to any such involuntary case or other proceeding commenced in any state or jurisdiction where that person does not have or hold substantial or material assets if that involuntary case or other proceeding is demonstrated by that person to the satisfaction of the Security Trustee (acting reasonably) to be of a frivolous, vexatious or non-meritorious nature;

(j) any event occurs, circumstance arises or proceeding is taken with respect to that person or its assets in any jurisdiction to which that person or its assets is subject (including, without limitation, the loss, in whole or in part, by that person of the free management and/or disposal of its property in any other manner (whether or not irrevocable)) to the extent that it has a purpose or an effect equivalent or similar to any of the events mentioned in any of the foregoing paragraphs;

"**Insurance Acknowledgement**" means an acknowledgement (if any) in the form and terms of schedule 1 to the relevant Assignment of Insurances;

"**Insurance Notice**" means a notice in the form and terms of schedule 1 to the relevant Assignment of Insurances;

"**Insurances**" means, in relation to an Aircraft, any and all contracts or policies of insurance taken out in respect of that Aircraft (or an indemnity from a Government Entity if the consent thereto from the Export Credit Agencies and the Security Trustee in accordance with

the terms hereof has been obtained) and required to be effected and maintained in accordance with this Agreement;

"**Insurer**" means each insurer and broker with whom the contracts and policies of insurance in relation to an Aircraft, or any part thereof, are placed from time to time;

"**Interest Periods**" means each ECA Interest Period and each Mismatch Interest Period, and "**Interest Period**" means any of them;

"**Intermediate Lease**" means, in respect of an Aircraft financed under a structure where a Lessee leases that Aircraft to another Lessee, a subject and subordinate lease agreement entered into between the first Lessee as lessor and the second Lessee as lessee in form and substance reasonably satisfactory to the Security Trustee;

"**Intermediate Lessee Assignment**" means each Lessee Assignment entered or to be entered into between a Lessee which is a lessee under an Intermediate Lease and the Lessee which is the lessor under that Intermediate Lease;

"**JAA**" means the Joint Aviation Authorities established by the Members of the European Civil Aviation Conference or any successor thereto including the European Aviation Safety Agency ("**EASA**"), the parties hereto acknowledging that, in respect of any jurisdiction with the European economic community, EASA will act as such a successor and, in respect of any jurisdiction outside the European economic community, EASA will not so act but its rules will nevertheless be promulgated by the Joint Aviation Authorities;

"**Lease**" means, in respect of an Aircraft, an export lease agreement entered or to be entered into between the relevant Borrower, as lessor, and the relevant Lessee, as lessee which shall be in form and substance reasonably satisfactory to the Security Trustee;

"**Lease Event**" means any event which, with any one or more of the lapse of time, the giving of notice, or the making of a determination, would become a Lease Termination Event;

"**Lease Termination Event**" means, in respect of an Aircraft, any of the following events and circumstances:

(a) any debis Obligor fails to pay any amount due from it under any Transaction Document for that Aircraft in the currency and in the manner stipulated in that Transaction Document within three (3) Banking Days of the due date therefor (if that amount is a scheduled amount) or within five (5) Banking Days of the due date (in all other circumstances);

(b) any debis Obligor knowingly creates (or consents to the creation of) any Lien, other than any Permitted Lien, over or with respect to that Aircraft, or sells, transfers title to or otherwise disposes of title to or purports to sell, transfer title to or otherwise dispose of title to, that Aircraft, other than, in each case, as expressly permitted by the terms of the Transaction Documents;

(c) any debis Obligor fails to observe or perform in any material respect any of its obligations under any of the Transaction Documents for that Aircraft (other than the obligations mentioned in the other paragraphs of this definition) for a period of thirty (30) days after notice thereof from the Security Trustee. It is hereby further agreed that if any debis Obligor fails to give a notice to any other party which it is required to give pursuant to any Transaction Document then no Lease Termination Event shall occur as a result of such failure if such debis Obligor or debis issues the relevant notice within five (5) Banking Days of being requested to do so by the Security Trustee;

(d) any representation or warranty made by any debis Obligor in any of the Transaction Documents for that Aircraft or in any certificate provided by a debis Obligor under schedule 10 or clause 9 is or proves to have been incorrect in any material respect when made and the circumstances giving rise to that incorrectness are not remedied within thirty (30) days after that debis Obligor receives notice of that incorrectness from the Security Trustee;

(e) any Insolvency Event occurs and is continuing in relation to any debis Obligor which is a party to a Transaction Document for that Aircraft;

(f) any debis Obligor which is a party to a Transaction Document for that Aircraft repudiates or disclaims all or any of their respective obligations and liabilities under any Transaction Document for that Aircraft or evidences in writing an intention to do the same;

(g)

(i) the Lessee of that Aircraft suspends or ceases to carry on any part of its business or disposes, threatens to dispose or takes any action to dispose of any of its assets, whether by one or a series of transactions, related to or not, otherwise than as expressly permitted by the Transaction Documents;

(ii) debis suspends or ceases to carry on all or substantially all of its business as an operating lessor of aircraft, or debis disposes, threatens to dispose or takes any action to dispose of all or substantially all of its assets, whether by one or a series of transactions, related or not, and that disposal or action has or will have a material adverse effect on its ability to perform its obligations under any of the Transaction Documents for that Aircraft, but excluding for the purposes of a solvent reconstruction, reorganisation, merger, amalgamation or securitisation which does not adversely affect the creditworthiness of debis;

(h) any Financial Indebtedness of debis in excess of ten million Dollars ($10,000,000) in aggregate is not paid when due after the expiry of any originally agreed grace periods but excluding:

(1) Financial Indebtedness in respect of which the person to whom that Financial Indebtedness is owed has agreed to limit its recourse to particular assets and otherwise has no recourse to any other assets of debis; and

(2) Financial Indebtedness which debis is disputing or contesting in good faith, including by appropriate proceedings, and in respect of which debis has provided reasonable details of the basis of such dispute or contest to the Security Trustee;

(i) any Financial Indebtedness of debis for which debis is personally liable which is supported by any of the Export Credit Agencies or by the United States Eximbank (i) is not paid when due (after expiry of any applicable grace periods relating thereto); or (ii) is declared to be due and payable or otherwise becomes due and payable before its stated maturity by reason of a default by debis or an event of default (howsoever described) under the document relating to that Financial Indebtedness;

(j) the Lessee of that Aircraft ceases to be a wholly-owned direct or indirect Subsidiary of debis; or

(k) any other event which debis and either Agent may agree in writing from time to time is a Lease Termination Event,

and means, generally, any of the foregoing in relation to any of the Aircraft;

"**Lenders**" means together the ECA Lenders and the Mismatch Lenders, and "**Lender**" means any of them;

"**Lending Office**" means, in relation to a Lender, its branch or office at the address specified against its name in schedule 2 or specified in the Transfer Certificate whereby that Lender becomes a party to this Agreement or such other branch or office determined in accordance with the provisions of this Agreement;

"**Lessee Assignment**" means, in respect of any Aircraft, the lessee assignment(s) entered or to be entered into between the Lessee of that Aircraft, as assignor, and:

(a) where that Lessee is party (as lessee) to an Intermediate Lease for that Aircraft, the Lessee which is lessor under that Intermediate Lease, as assignee; and/or

(b) where that Lessee is party (as lessee) to the Lease for that Aircraft, the Borrower which is lessor under that Lease, as assignee,

which shall be in substantially the form of the Lessee Assignments entered or to be entered into by the Principal Dutch Lessee on or about the Signing Date and otherwise in form and substance reasonably satisfactory to the Security Trustee;

"**Lessee Insolvency Event**" means any Insolvency Event in relation to a Sub-Lessee or Sub-Sub Lessee of the nature referred to in paragraphs (b) or (g) of the definition thereof;

"**Lessee Novation**" means a Lessee novation agreement entered into in connection with a Lease which shall be in form and substance reasonably satisfactory to the Security Trustee;

"**Lessee Parent**" means:

(a) in respect of the Principal Irish Lessee, debis Ireland;

(b) in respect of the Principal Dutch Lessee, debis; and

(c) in respect of any other Lessee, the company, being debis or a direct or indirect wholly-owned Subsidiary of debis, which owns the entire issued share capital of that Lessee;

"**Lessee Share Charges**" means each Principal Lessee Share Charge and each Alternative Lessee Share Charge, and "**Lessee Share Charge**" means any of them;

"**Lessees**" means the Principal Lessees and each Alternative Lessee which accedes to this Agreement pursuant to clause 9, and "**Lessee**" means any of them;

"**Liability**" means, at any time:

(a) in respect of a Lender, the proportion which that Lender's Contribution bears to the amount of all of the Loans as at that time;

(b) in respect of a British Lender, the proportion which that British Lender's Contribution bears to the amount of the Contributions of all of the British Lenders as at that time;

(c) in respect of a French Lender, the proportion which that French Lender's Contribution bears to the amount of the Contributions of

all of the French Lenders as at that time;

(d) in respect of a German Lender, the proportion which that German Lender's Contribution bears to the amount of the Contributions of all of the German Lenders as at that time;

(e) in respect of a Mismatch Lender, the proportion which that Mismatch Lender's Contribution bears to the amount of all of the Mismatch Loans as at that time,

and "**Liabilities**" shall be construed accordingly;

"**Liability Additional Insureds**" has the meaning specified in 16(d)(ii)(A) of schedule 7;

"**LIBOR**" means, in relation to any amount denominated in Dollars and for any period, the rate for deposits in Dollars for that amount and for that period which is:

(a) appearing on page 3750 (or similar page, if the Telerate page 3750 is not or no longer available) for Dollars on the Bridge/Telerate screen at or about 11:00 a.m. (London time) on the Quotation Date relating to that period; or

(b) if (a) does not apply, the arithmetic mean (rounded to the nearest four decimal places) of the rates, as supplied to the relevant Agent at its request, quoted by the Reference Banks to leading banks in the European interbank market, at or about 11:00 a.m. (London time) on the Quotation Date relating to that period, for the offering of deposits in Dollars in an amount comparable with that amount and for a period comparable to that period;

"**Lien**" means any encumbrance or security interest whatsoever, howsoever created or arising, including any right of ownership, security, mortgage, pledge, assignment by way of security, charge, lease, lien, statutory right in rem, hypothecation, title retention arrangement, attachment, levy, claim, right of detention or security interest whatsoever, howsoever created or arising, or any right or arrangement having a similar effect to any of the above;

"**Loan Agreements**" means, in respect of any Aircraft, the ECA Loan Agreement for that Aircraft and the Mismatch Loan Agreement for that Aircraft, and "**Loan Agreement**" means either of them;

"**Loans**" means together the ECA Loans and the Mismatch Loans, and "**Loan**" means any of them;

"**Losses**" means any losses, demands, liabilities, obligations, claims, actions, proceedings, penalties, fines, damages, adverse judgments, orders or other sanctions, fees, out-of-pocket costs and expenses (including, without limitation, the fees, out-of-pocket costs and expenses of any legal counsel, but excluding, in all cases, Taxes), and "**Loss**" shall be construed accordingly;

"**Maintenance Programme**" means, in relation to any Aircraft, a maintenance programme for that Aircraft in accordance with the Manufacturer's maintenance planning document and approved by the Aviation Authority, including, but not limited to, servicing, testing, preventive maintenance, repairs, structural inspections, system checks, overhauls, approved modifications, service bulletins, engineering orders, Airworthiness Directives, corrosion control, inspections and treatments;

"**Maintenance Reserves**" means, in respect of an Aircraft, the maintenance reserves or any letter(s) of credit or other security in respect thereof, if any, which have been paid and/or issued and which are payable and/or to be issued from time to time by the relevant Sub-Lessee pursuant to a Sub-Lease for that Aircraft or any amounts which that Sub-Lessee has agreed to make available to the relevant Lessee in connection with the maintenance of that Aircraft in accordance with the terms of that Sub-Lease ("**maintenance credits**"), less, in the case of maintenance reserves and maintenance credits, any amount paid to that Sub-Lessee or any relevant maintenance facility in reimbursement out of a maintenance reserve account or out of the maintenance credits, as the case may be, for maintenance of that Aircraft in accordance with the terms of that Sub-Lessee;

"**Majority Lenders**" means, in relation to any Aircraft:

(a) until such time as all amounts outstanding under the Transaction Documents for that Aircraft to the ECA Finance Parties have been repaid in full (i) in relation to any decision, discretion, action or inaction under any of the Transaction Documents for that Aircraft in respect of which any National Agent either must follow the instructions of the relevant Export Credit Agency under the relevant Support Agreement or, in its good faith opinion, believes the consent of the relevant Export Credit Agency to be necessary, the relevant National Agent(s), and (ii) in relation to any other decision, discretion, action or inaction under any of the Transaction Documents for that Aircraft that is provided to be made by the Majority Lenders, the ECA Lenders the aggregate of whose Contributions in relation to the ECA Loan for that Aircraft is equal to or exceeds sixty-six and two thirds per cent. (66 $^{2}/_{3}$%) of the amount of that ECA Loan; and

(b) at all times after all amounts outstanding to the ECA Finance Parties under the Transaction Documents for that Aircraft have been repaid in full, the Majority Mismatch Lenders for that Aircraft;

"**Majority Mismatch Lenders**" means, in relation to any Aircraft, the Mismatch Lenders the aggregate of whose Contributions in relation to the Mismatch Loan for that Aircraft is equal to or exceeds sixty-six and two thirds per cent. (66 $^{2}/_{3}$%) of the amount of that Mismatch Loans;

"**Managers**" means the Initial Manager and each Alternative Borrower Manager, and "**Manager**" means any of them;

"**Mandatory Prepayment Event**" means, in respect of an Aircraft:

(a) if any conditions precedent which the ECA Agent has agreed in writing may be satisfied after the ECA Loan for that Aircraft has been made or any conditions precedent which the Mismatch Agent has agreed in writing may be satisfied after the first Mismatch Advance for that Aircraft has been made have not been so satisfied within the period so agreed between the ECA Agent or, as the case may be, the Mismatch Agent and debis; or

(b) if that Aircraft is not delivered to a Sub-Lessee pursuant to a Sub-Lease within one hundred and eighty (180) days after the Delivery Date for that Aircraft or such longer period as the ECA Agent (acting on the instructions of the National Agents) and (if there is a Mismatch Loan for that Aircraft) the Mismatch Agent may agree in writing; or

(c) a Borrower Termination Event occurs in respect of that Aircraft and is continuing at the end of any period of consultation pursuant to clause 10.1; or

(d) clause 10.1.2 applies in relation to any Security Document for that Aircraft and continues to apply at the end of any period of consultation pursuant to clause 10.1; or

(e) any of the Insurances for that Aircraft are not obtained and/or maintained in accordance with the requirements of this Agreement and/or that Aircraft is operated in a place excluded from the insurance coverage unless, immediately upon any debis Obligor becoming aware of the same, that Aircraft is grounded in a jurisdiction with no actual or imminent war or hostilities and, for so long as any of those Insurances are not obtained and/or maintained in accordance with the requirements of this Agreement, remains grounded in such a jurisdiction, safely stored and fully covered by a "ground risk only" insurance policy which complies with the requirements of this Agreement; or

(f) that Aircraft is flown to or within a Prohibited Country unless, immediately upon any debis Obligor becoming aware of the same, that Aircraft is removed from that Prohibited Jurisdiction; or

(g) a notice of prepayment is issued pursuant to 8.3.2 in respect of that Aircraft; or

(h) the Final Date occurs under (and as defined in) clause 7.3.3; or

(i) such other circumstances as debis, the ECA Agent and/or (if there is a Mismatch Loan for that Aircraft) the Mismatch Agent may agree in writing from time to time; or

(j) if, at any time when that Aircraft is subject to a Sub-Lease:

(i) any debis Obligor becomes aware of the relevant Sub-Lessee or any other person selling, transferring title to or otherwise disposing of title to, or purporting to sell, transfer title to or otherwise dispose of title to, that Aircraft and, if and for so long as the Security Trustee determines that there is no material likelihood that the security over that Aircraft created by the Security Documents and/or the relevant Borrower's ownership interest in that Aircraft will, by effluxion of the thirty (30) day period referred to below, be materially prejudiced, materially limited or otherwise materially adversely affected, the relevant Lessee fails to have that sale, transfer, other disposal or purported sale, transfer or other disposal set aside or annulled within a period of thirty (30) days;

(ii) any debis Obligor is or becomes aware of any Lien, other than a Permitted Lien, over or with respect to the Aircraft and that Lien is not discharged in full within one hundred and twenty (120) days; or

(k) the Recapitalisation is not concluded on or prior to 30 June 2003; or

(l) unless the relevant deviation is approved by the Security Trustee pursuant to clause 8.7, a Lessee enters into a Sub-Lease for that Aircraft which does not comply with the Sub-Lease Requirements in breach of clause 8.2 and that breach is not remedied within thirty (30) days after notice thereof from the Security Trustee; or

(m) the Security Trustee shall have declared a Mandatory Prepayment Event in respect of that Aircraft pursuant to clause 9.6.1(ii),

and means, generally, any of the foregoing in relation to any of the Aircraft;

"**Manufacturer**" means Airbus;

"**Margin**" means the relevant ECA Margin or the Mismatch Margin (as applicable);

"**Maximum ECA Aircraft Amount**" means, in respect of any Aircraft, the lesser of:

(a) eighty-five per cent (85%) of the Aircraft Purchase Price for that Aircraft; and

(b) the amount determined in accordance with paragraph (a) of Part 2 of schedule 3;

"**Maximum ECA Amount**" means, in respect of any Aircraft, the lesser of:

(a) the sum of the Maximum ECA Aircraft Amount for that Aircraft plus the Qualifying ECA Premium for the ECA Loan for that Aircraft; and

(b) the Unutilised ECA Facility for that Aircraft;

"**Maximum Mismatch Aircraft Amount**" means, in respect of any Aircraft, the lesser of:

(a)

(1) where the Final ECA Repayment Date for the ECA Loan for that Aircraft is on or about twelve (12) years after the Purchase Date for that Aircraft (A) if that Aircraft is not a 2003 Aircraft, twenty five per cent. (25%) of the Aircraft Purchase Price for that Aircraft, or (B) if that Aircraft is a 2003 Aircraft, such percentage of the Aircraft Purchase Price for that Aircraft as debis and the Mismatch Agent may agree in the context of the procedure set out in clause 3.10; or

(2) where the Final ECA Repayment Date for the ECA Loan for that Aircraft is on or about ten (10) years after the Purchase Date for that Aircraft (A) if that Aircraft is not a 2003 Aircraft, thirty per cent. (30%) of the Aircraft Purchase Price for that Aircraft, or (B) if that Aircraft is a 2003 Aircraft, such percentage of the Aircraft Purchase Price for that Aircraft as debis and the Mismatch Agent may agree in the context of the procedure set out in clause 3.10; and

(b) the amount determined in accordance with paragraph (b) of Part 2 of schedule 3;

"**Maximum Mismatch Amount**" means, in respect of any Aircraft and subject always to clause 3.10, the lesser of:

(a) the Maximum Mismatch Aircraft Amount for that Aircraft; and

(b) the sum of:

(i) the Mismatch Facility Amount, minus

(ii) the aggregate amount of all Mismatch Loans for Aircraft other than that Aircraft;

"**Mismatch Acceleration Notice**" has the meaning ascribed to it in clause 7 of each Mismatch Loan Agreement;

"**Mismatch Advances**" means, in respect of an Aircraft, the advances made or to be made by each of the Mismatch Lenders to the relevant Borrower in accordance with the provisions of the Mismatch Loan Agreement for that Aircraft, and "**Mismatch Advance**" means any such advance;

"**Mismatch Agent**" means Crédit Lyonnais, a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France in its capacity as agent for the Mismatch Lenders, together with its successors, permitted assignees and permitted transferees;

"**Mismatch Aircraft**" means, at any time, each Aircraft for which there is, at that time, a Mismatch Loan;

"**Mismatch Availability Period**" means, in respect of an Aircraft and a Mismatch Loan and subject always to clause 3.10, the period commencing on and including (i) in the case of an Aircraft other than the 2003 Aircraft, the ECA Drawdown Date for that Aircraft, or (ii) in the case of a 2003 Aircraft, the First Mismatch Advance Date for that Mismatch Loan, and ending on and including the earlier of:

(a) the date upon which the ECA Loan for that Aircraft becomes due and payable in full in accordance with the ECA Loan Agreement for that Aircraft;

(b) the Final ECA Repayment Date for that ECA Loan; and

(c) the first Banking Day on which the Unutilised Mismatch Facility for that Aircraft is nil,

subject to earlier termination as provided for in this Agreement;

"**Mismatch Broken Funding Gains**" shall have the meaning given to that term in clause 9.2.3 of each Mismatch Loan Agreement;

"**Mismatch Commitment**" means, in relation to a Mismatch Lender and an Aircraft at any time and subject always to clause 3.10, that Mismatch Lender's Mismatch Portion of the Maximum Mismatch Amount for that Aircraft, as specified in schedule 2 to the Mismatch Loan Agreement for that Aircraft and/or any Transfer Certificate, or, in the case of clause 3.9, that Mismatch Lender's Mismatch Portion of the Unutilised Mismatch Facility for that Aircraft, in each case, as the same may be reduced or increased pursuant to any Transfer Certificate and/or further reduced or cancelled pursuant to the terms of the Transaction Documents;

"**Mismatch Commitment Period**" means, in respect of an Aircraft and subject always to clause 3.10, the period commencing at the time determined in accordance with clause 3.10 and ending on the last day of the Mismatch Availability Period for that Aircraft;

"**Mismatch Drawdown Notice**" means, in respect of a Mismatch Loan, a notice in the form of schedule 3 to the Mismatch Loan Agreement for that Mismatch Loan;

"**Mismatch Facility**" means the mismatch loan facility made available by the Mismatch Lenders to the Borrowers pursuant to this Agreement;

"**Mismatch Facility Amount**" means two hundred and eighty five million Dollars ($285,000,000);

"**Mismatch Finance Parties**" means the Mismatch Lenders, the Mismatch Agent, and the Security Trustee, and "**Mismatch Finance Party**" means any of them;

"**Mismatch Indemnitees**" means each of the Mismatch Agent, the Security Trustee and each Mismatch Lender, together with their respective officers, directors, agents, employees, successors and permitted assignees and transferees;

"**Mismatch Interest Payment Date** " means, in respect of a Mismatch Loan:

(a) the first ECA Repayment Date for the corresponding ECA Loan occurring after the First Mismatch Advance Date for that Mismatch Loan;

(b) each subsequent ECA Repayment Date for the corresponding ECA Loan occurring prior to the Mismatch Repayment Date in respect of that Mismatch Loan; and

(c) the Mismatch Repayment Date in respect of that Mismatch Loan,

in each case, as or to be (as the case may be) set forth in column (1) of schedule 1 to the Mismatch Loan Agreement in respect of that Mismatch Loan, provided that if any such date is not a Banking Day, the relevant Mismatch Interest Payment Date shall instead be the next succeeding Banking Day, unless that next succeeding Banking Day falls in the next calendar month, in which case, it shall be the immediately preceding Banking Day;

"**Mismatch Interest Period**" means, in respect of a Mismatch Loan, each period commencing from (and including) the First Mismatch Advance Date in respect of that Mismatch Loan or (as the case may be) a Mismatch Interest Payment Date in respect of that Mismatch Loan to (but excluding) the next Mismatch Interest Payment Date in respect of that Mismatch Loan;

"**Mismatch Lenders**" means:

(a) in relation to an Aircraft and subject always to clause 3.10, together the banks and financial institutions listed in Part IV of schedule 2 and such other persons as may be agreed and (if applicable) accede to this Agreement pursuant to clause 3.10 in relation to that Aircraft, together with their successors, permitted assigns and permitted transferees in relation to that Aircraft; and

(b) generally, together all of the foregoing,

and a "**Mismatch Lender**" shall mean any of them;

"**Mismatch Loan**" means the principal amount of the borrowing under a Mismatch Loan Agreement or, as the context may require, the principal amount of that borrowing for the time being outstanding, being the aggregate principal amount of the Mismatch Advances under that Mismatch Loan Agreement from time to time;

"**Mismatch Loan Agreement**" means, in respect of an Aircraft or a Mismatch Loan, the mismatch loan agreement relating thereto entered or to be entered into between the relevant Borrower, the Mismatch Agent, the Mismatch Lenders and the Security Trustee, substantially in the form of the corresponding

ECA Loan Agreement but revised to reflect the fact that it relates to a Mismatch Loan, such form to be agreed between debis, the Mismatch Agent, the Mismatch Lenders and the Security Trustee in the context of the procedure set forth in clause 3.10;

"**Mismatch Loan Amount**" in respect of a Mismatch Loan, shall have the meaning given to that term in clause 2.1 of the Mismatch Loan Agreement for that Mismatch Loan;

"**Mismatch Margin**" means zero point nine zero per cent. (0.90%) per annum;

"**Mismatch Portion**" means, in respect of any Mismatch Lender and any Aircraft, the percentage specified opposite that Mismatch Lender in the relevant part of schedule 2 or, as the case may be, agreed pursuant to clause 3.10, in each case, as specified in schedule 2 to

the Mismatch Loan Agreement for that Aircraft and/or any Transfer Certificate, in each case, as the same may be reduced or increased pursuant to any Transfer Certificate and/or further reduced or cancelled pursuant to the terms of the Transaction Documents;

"**Mismatch Repayment Date**" means, in respect of any Mismatch Loan, the Final ECA Repayment Date for the ECA Loan relating to the Aircraft to which that Mismatch Loan relates;

"**Mismatch Representatives**" means the Mismatch Agent and the Security Trustee, and "**Mismatch Representative**" means any of them;

"**Mismatch Termination Amount**" means, in respect of any Mismatch Loan, the amount required to be paid on the prepayment or acceleration of that Mismatch Loan being the aggregate of:

(a) the unpaid principal balance of that Mismatch Loan at the relevant time;

(b) all interest which has accrued in respect of that Mismatch Loan to the date of that prepayment or acceleration and remains unpaid;

(c) all other amounts due pursuant to clauses 9.2 and 9.3 of the Mismatch Loan Agreement for that Mismatch Loan as a result of that prepayment or acceleration not being made on a Mismatch Interest Payment Date; and

(d) any other amounts due and payable with respect to that Mismatch Loan by any relevant Obligor under any Transaction Document at that date as shall remain unpaid;

"**Mismatch Utilisation Block Event**" means any event described as such which debis and the Mismatch Agent have agreed in writing may, if the same has occurred and is continuing, result in the relevant Borrower being unable to draw a Mismatch Advance and/or borrow a Mismatch Loan;

"**Mismatch Utilisation Documentation**" means, in respect of an Aircraft and its ECA Loan:

(a) the Mismatch Loan Agreement for that Aircraft;

(b) the Mismatch Utilisation Notice for that Aircraft;

(c) the Purchase Documents for that Aircraft;

(d) the Lease for that Aircraft;

(e) the Lessee Assignment for that Aircraft;

(f) the Acceptance Certificate for that Aircraft;

(g) the Mortgage (if any) for that Aircraft;

(h) the English Law Mortgage for that Aircraft and the related English Law Mortgage Letter;

(i) the Airframe Warranties Agreement for that Aircraft;

(j) the Engine Warranties Agreement for that Aircraft;

(k) where an Alternative Obligor is involved in the ownership and/or leasing structure for that Aircraft, all documents required in relation thereto pursuant to clause 9;

"**Mismatch Utilisation Notice**" means any notice given by debis pursuant to clause 5.1 and substantially in the form of schedule 5;

"**Mortgage**" means, in respect of an Aircraft and subject always to paragraph 1(c) of schedule 7, the first priority mortgage for that Aircraft (but excluding, for the avoidance of doubt, any English Law Mortgage where the relevant State of Registration is not the United Kingdom) to be entered into (where required pursuant to paragraph 1 of schedule 7) between the relevant Borrower and the Security Trustee in a form approved by the Security Trustee acting reasonably;

"**National Agents**" means together the British National Agent, the French National Agent and the German National Agent, and "**National Agent**" means any of them;

"**National Syndicate**" means, with respect to the British National Agent, the British Lenders, with respect to the French National Agent, the French Lenders, and with respect to the German National Agent, the German Lenders;

"**Net Worth**" means, at any time, the sum of debis' Shareholder Funds at that time;

"**Notice of Demand**" has the meaning given to that term in clause 2.2.1 of the Guarantee;

"**Notifiable Sub-Lease Event of Default**" means, in relation to a Sub-Lease, any event of default thereunder which relates to:

(a) a Lessee Insolvency Event in respect of the relevant Sub-Lessee; or

(b)

(i) at any time when a Trigger Event has not occurred and is continuing, the insurance provisions of the Sub-Lease or Sub-Sub-Lease (as applicable); and

(ii) at any time when clause 8.6.8(b) applies and for so long as the relevant Trigger Event has occurred and is continuing, the provisions of the Sub-Lease which are equivalent to the Operational Undertakings;

"**Obligors**" means each debis Obligor and each Borrower (and includes, for the avoidance of doubt, each Alternative Obligor), and "**Obligor**" means any of them;

"**OCI**" means, at any time, debis' accumulated other income, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 7.2.3;

"**OCL**" means, at any time, debis' accumulated other loss, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 7.2.3;

"**Off-Lease Period**" means, in respect of an Aircraft, any period within the Lease Period (as defined in the Lease for that Aircraft) during which no Sub-Lease or Sub-Sub-Lease for that Aircraft is in effect;

"**Operational Undertakings**" means the covenants and undertakings set out in schedule 7;

"**Operator Lessee**" shall have the meaning given thereto in clause 8.3.1;

"**Parallel Debt**", in relation to this Agreement or any Loan Agreement, has the meaning ascribed thereto in clause 38 of this Agreement or, as the case may be, clause 15 of that Loan Agreement;

"**Part**" means, in respect of an Aircraft, each module, appliance, part, accessory, instrument, furnishing and other item of equipment of whatsoever nature (including the Buyer Furnished Equipment), other than a complete Engine or engine, which at any time of determination is incorporated or installed in or attached to the relevant Airframe or any relevant Engine, in each case, title to which is vested in the relevant Borrower, or, having been removed therefrom, title to which remains vested in the relevant Borrower;

"**Permitted Finance Party Lien**" means, in relation to any Finance Party:

(a) any Lien created by the Transaction Documents; or

(b) any other Lien created at the written request of or with the prior written consent of any debis Obligor;

"**Permitted Lien**" means, in relation to an Aircraft:

(a) any Borrower's Lien or Finance Party Lien; or

(b) any Lien for Taxes or other governmental or statutory charges or levies not yet assessed or, if assessed, not yet due and payable or, if due and payable, which the Lessee or, where relevant, the Sub-Lessee or Sub-Sub-Lessee is disputing or contesting in good faith by appropriate proceedings (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), so long as, at the time of entering into such proceedings, there are no reasonable grounds to believe that the outcome of such proceedings, or the continued existence of that Lien, involves any material likelihood of the sale, forfeiture or loss of that Aircraft or any part thereof or any interest therein; or

(c) any Lien for the fees or charges of any airport or air navigation authority arising in the ordinary course of business, by statute or by operation of law, in each case, for amounts the payment of which either is not yet due and payable or, if due and payable (i) the late payment reflects the normal procedure agreed between the payer and the relevant airport or Eurocontrol or any other relevant air navigation authority and no action is being taken by the relevant airport or air navigation authority in connection therewith to enforce its rights in respect of any amount owed to it, or (ii) which is being disputed or contested in good faith by appropriate proceedings (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), so long as (in the case of each of (i) and (ii)) there are no reasonable grounds to believe that the continued existence of that Lien involves any material likelihood of the sale, forfeiture or loss of that Aircraft or any part thereof or any interest therein; or

(d) any Lien for the fees or charges of any supplier, hangar keeper, mechanic, workman, repairer or employee arising in the ordinary course of business, by statute or by operation of law, in each case, for amounts the payment of which either is not yet due and payable, or, if due and payable, is being disputed or contested in good faith by appropriate proceedings (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), so long as, at the time of entering into such proceedings, there are no reasonable grounds to believe that the outcome of such proceedings, or the continued existence of that Lien, involves any material likelihood of the sale, forfeiture or loss of that Aircraft or

any part thereof or any interest therein; or

(e) Liens (other than Liens in respect of or resulting from Taxes) arising out of judgments or awards against any Lessee, any Sub-Lessee or any Sub-Sub-Lessee (i) so long as that judgment or award is discharged, vacated or reversed within thirty (30) days, or (ii) with respect to which an appeal is being presented in good faith and with respect to which there shall have been secured a stay of execution pending the determination of that appeal (and for the payment of which adequate funds are available, or, when required in order to pursue such proceedings, an adequate bond has been provided), or (iii) if that judgment or award is discharged, vacated or revised within thirty (30) days after the expiration of the stay referred to in (ii) above, in each case, so long as there are no reasonable grounds to believe that that judgment or award, or the

continued existence of that Lien, involves any material likelihood of the sale, forfeiture or loss of that Aircraft or any part thereof or any interest therein; or

(f) any Lien created by or expressly permitted by the terms of the Transaction Documents; or

(g) any Sub-Lease and any Sub-Sub-Lease; or

(h) any other Lien created at the written request of or with the prior written consent of the Security Trustee;

"**Principal Borrower**" means Sunrise Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands;

"**Principal Declaration of Trust**" means the declaration of trust entered into by the Trustee on or about the Signing Date in respect of the entire issued share capital of the Principal Borrower;

"**Principal Dutch Lessee**" means debis Aircraft Leasing XXX B.V., a company incorporated under the laws of The Netherlands and having its registered office at Evert van de Beekstraat 312, 1118 CX Schiphol Airport, Amsterdam, The Netherlands;

"**Principal Irish Lessee**" means Sunflower Aircraft Leasing Limited, a company incorporated under the laws of Ireland and having its registered office at debis AirFinance House, Shannon, Co. Clare, Ireland;

"**Principal Lessee Share Charge**" means:

(a) in the case of the Principal Dutch Lessee, the share pledge dated on or about the Signing Date and made between debis and the Principal Borrower in respect of the entire issued share capital of the Principal Dutch Lessee, together with the related share pledge; and

(b) in the case of the Principal Irish Lessee, the charge over shares dated on or about the Signing Date and made between debis Ireland and the Principal Borrower in respect of the entire issued share capital of the Principal Irish Lessee;

"**Principal Lessees**" means together the Principal Dutch Lessee and the Principal Irish Lessee, and "**Principal Lessee**" means each or either of them (as the context may require);

"**Principal Obligations**" means, in relation to this Agreement or any Loan Agreement and a particular Obligor, all monetary obligations (other than the Parallel Debt in relation to this Agreement or, as the case may be, that Loan Agreement) which now or at any time hereafter may be or become due, owing or incurred by that Obligor to any Finance Party, whether due or not, whether contingent or not and whether alone or jointly with others, as principal, guarantor, surety or otherwise, under or in connection with the Transaction Documents, as such obligations may be extended, restated, prolonged, amended, renewed or novated from time to time;

"**Proceeds**" means, in relation to an Aircraft or any Loan for that Aircraft:

(a) any and all amounts received or recovered under the Loan Agreements for that Aircraft (other than (i) prior to the occurrence of a Lease Termination Event which is continuing, scheduled payments of principal and interest, (ii) prior to the occurrence of a Lease Termination Event which is continuing, any indemnity payments, or (iii) any amounts received by application of clause 15);

(b) any Final Disposition Proceeds for that Aircraft;

(c) any and all other proceeds of enforcement of the Security Documents for that Aircraft;

(d) any Total Loss Proceeds for that Aircraft;

(e) any Requisition Proceeds for that Aircraft;

(f) any and all amounts received or recovered from debis upon enforcement of the Guarantee if and to the extent that it relates to an

amount referred to in (a) above;

(g) any and all other amounts received by any Agent, the Security Trustee or any Lender from any of the Obligors (whether directly or through a Borrower) pursuant to the Transaction Documents for that Aircraft;

"**Proceeds Account**" means, in respect of an Aircraft, the account of the Security Trustee with Crédit Lyonnais designated as such by the Security Trustee pursuant to clause 14.1 or such other account as the Security Trustee may designate as such from time to time by notice to the other parties hereto;

"**Prohibited Country**" means, in respect of any Aircraft, any state, country or jurisdiction which is subject from time to time to sanctions pursuant to any United Sanctions Order, European Union imposed sanction, US Export Controls, the United Kingdom Export of Goods (Control) Order 1992, the Dual-Use and Related Goods (Export Control) (Amendment) Regulations 1997 pursuant to the European Communities Act 1972 or any statutory modification or re-enactment thereof or successor or similar or corresponding legislation than in effect in the United Kingdom, the French Republic or Germany, the effect of which, unless any applicable consents or licences have been obtained in relation to such Aircraft, prohibits debis or the relevant Lessee from exporting to and/or consigning for use of that Aircraft in that country,

"**Purchase Agreement Assignment**" means, in respect of any Aircraft, the Purchase Agreement Assignment entered or to be entered into between debis and the relevant Borrower in respect of the right to take title to that Aircraft under the Airbus Purchase Agreement;

"**Purchase Date**" means, in respect of any Aircraft, the date on which that Aircraft is delivered by the Manufacturer;

"**Purchase Documents**" means, in respect of any Aircraft:

(a) where the Aircraft is to be purchased by the relevant Borrower on the Purchase Date from the Manufacturer pursuant to a Purchase Agreement Assignment and the Airbus Purchase Agreement, that Purchase Agreement Assignment, the Airbus Bill of Sale for the Aircraft and the BFE Bill of Sale for the Aircraft;

(b) otherwise, the Bill of Sale for the Aircraft, the BFE Bill of Sale for the Aircraft, the Sale Agreement for the Aircraft, the Sale Acceptance Certificate for the Aircraft and the Airbus Bill of Sale for the Aircraft;

"**Qualifying ECA Premium**" means:

(a) in relation to ECGD and any ECA Loan, one hundred per cent. (100%) of the ECA Premium payable to ECGD for that ECA Loan;

(b) in relation to COFACE and any ECA Loan, one hundred per cent. (100%) of the ECA Premium payable to COFACE for that ECA Loan; and

(c) in relation to HERMES and any ECA Loan, eighty five per cent. (85%) (or such higher percentage as the German National Agent may from time to time notify debis, the ECA Agent and the Mismatch Agent) of the ECA Premium payable to HERMES for that ECA Loan;

"**Qualifying Expenses**" means Expenses of the nature referred to in paragraphs (a), (b), (c) and (d) of the definition thereof (but excluding Expenses referable to the cost of management time) which are incurred:

(a) in the case of clause 15.4, in connection with the collection of the relevant Total Loss Proceeds;

(b) in the case of clause 15.6, in connection with the collection of the relevant ECA Prepayment Proceeds;

(c) in the case of clause 15.7, in connection with the relevant Lease Termination Event and/or the collection of the relevant Proceeds; and

(d) in the case of clause 15.8, in connection with the collection of the relevant ECA Guarantee Proceeds;

"**Quiet Enjoyment Undertaking**" means, in respect of a Sub-Lease, a quiet enjoyment undertaking from the Security Trustee and the relevant Borrower to the relevant Sub-Lessee in the form set out in schedule 9 or in such other form as the Security Trustee may agree from time to time, acting reasonably;

"**Quotation Date**" means, in relation to any period for which an interest rate is to be determined, the second Banking Day before the first day of such period;

"**Recapitalisation**" means, in relation to debis, the actual injection, on an irrevocable and unconditional basis, by debis' shareholders of Shareholder Funds in such amounts as are necessary to ensure that the ratio of debis' Shareholder Funds to debis' Total Assets is at least fifteen per cent. (15%);

"**Receiver**" means any receiver or receiver and manager appointed after the occurrence of a Termination Event by either Agent, the Security Trustee or the Majority Lenders pursuant to any Security Document;

"**Reference Banks**" means:

(a) in relation to any calculation of LIBOR, Crédit Lyonnais and the principal London offices of Citibank, N.A. and Bayerische Landesbank; and

(b) in relation to any calculation of EURIBOR, Crédit Lyonnais, the principal Frankfurt office of Dresdner Bank AG and the principal Brussels office of Fortis Bank (Nederland) N.V.;

"**Reference Dates**" means the tenth (10th) day of each calendar month of each year, and "**Reference Date**" means any of them, provided that if any such date is not a Banking Day, the relevant Reference Date shall instead be the next succeeding Banking Day, unless that next succeeding Banking Day falls in the next calendar month, in which case, it shall be the immediately preceding Banking Day;

"**Reinsurances**" has the meaning ascribed thereto in paragraph 10(a)(ii) of schedule 7;

"**Relevant Event**" means any event which, with any one or more of the lapse of time, the giving of notice, or the making of a determination, would become a Termination Event;

"**Relevant Interbank Market**" means the London interbank market or, if the applicable currency is not available in that market, the European interbank market;

"**Relevant Rate**" means, in relation to any ECA Loan, the ten (10) or twelve (12) year (determined by reference to the Final ECA Repayment Date for that ECA Loan) Dollar or (as applicable) Euro swap rate as shown in the Financial Times five (5) Banking Days prior to the proposed ECA Drawdown Date for that ECA Loan;

"**Replacement Aircraft**" means any Aircraft approved by the Security Trustee as a Replacement Aircraft and substituted for an Aircraft pursuant to clause 12.7;

"**Replacement Part**" means, in respect of an Aircraft or Engine, any part installed on, incorporated in or attached to that Aircraft or Engine as a replacement part pursuant to the Operational Undertakings or the provisions of any relevant Sub-Lease and where title to that part has vested in the relevant Borrower in accordance with the Operational Undertakings or the provisions of any relevant Sub-Lease;

"**Representatives**" means the ECA Representatives and the Mismatch Representatives, and "**Representative**" means any of them;

"**Required Insurance Value**" means, in respect of an Aircraft and at any time of determination, one hundred and fifteen per cent. (115%) of the principal amount outstanding at that time in respect of the Loans for that Aircraft,

"**Requisition Proceeds**" means, in respect of an Aircraft, any monies and/or other compensation received by any Obligor or any Secured Party from any Government Entity (whether de jure or de facto) in relation to that Aircraft in the event of that Aircraft's confiscation, restraint, detention, forfeiture, compulsory acquisition, seizure, requisition for title or requisition for hire by or under the order of any such Government Entity;

"**Sale Acceptance Certificate**", in respect of an Aircraft, has the meaning ascribed to the term "Acceptance Certificate" in the Sale Agreement (if any) in relation to that Aircraft;

"**Sale Agreement**" means, in respect of an Aircraft, the aircraft sale and purchase agreement (if any) in respect of that Aircraft entered or to be entered into between the Seller in relation to that Aircraft and the relevant Borrower as buyer;

"**Scheduled Delivery Date**" means, in respect of an Aircraft, the date nominated in the relevant ECA Utilisation Notice for the delivery of that Aircraft from the Seller to the relevant Borrower;

"**Scheduled Delivery Month**" means, in respect of any Aircraft and subject to clause 2.2.2, the month specified opposite such Aircraft in Part 1 of schedule 3;

"**Second Aircraft**" means the second Aircraft identified in Part 1 of schedule 3;

"**Second Aircraft Borrower**" means Sunray Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands

"**Secured Loan Obligations**" means the Secured Obligations excluding the Subordinated Secured Obligations;

"**Secured Obligations**" means any and all monies, liabilities and obligations (whether actual or contingent, whether now existing or hereafter arising, whether or not for the payment of money, and including any obligation or liability to pay damages and including any interest which, but for the application of any Bankruptcy Law, would have accrued on the amounts in question) which are now or which may at any time and from time to time hereafter be due, owing, payable or incurred or expressed to be due, owing, payable or incurred from or by any Obligor to any Secured Party or any Borrower under or in connection with any of the Transaction Documents (notwithstanding, in the case of each Borrower, that recourse against the Borrowers is limited pursuant to and in accordance with clause 26), and references to Secured Obligations includes references to any part thereof;

"**Secured Parties**" means together the Finance Parties and the Lessees, and "**Secured Party**" means any of them;

"**Security Assignment**" means, in respect of any Borrower, the security assignment entered or to be entered into between that Borrower, as assignor, and the Security Trustee, as assignee, which shall be in substantially the form of the Security Assignments entered or to be entered into by the Initial Borrowers on or about the Signing Date in the agreed form or otherwise in form and substance reasonably satisfactory to the Security Trustee;

"**Security Documents**" means, in respect of an Aircraft, together:

(a) the Borrower Floating Charge, the Borrower Share Charge, the Administration Agreement, the Declaration of Trust (if any) and the Comfort Letter, in each case, entered into by the Borrower which is the owner of that Aircraft and to the extent that it relates to that Aircraft;

(b) each Lessee Assignment (including for the avoidance of doubt any Intermediate Lessee Assignment) and each Lessee Share Charge, in each case, entered into by or in respect of a Lessee which is party to a Lease for that Aircraft and to the extent that it relates to that Aircraft;

(c) where a Lessee which is party to a Lease for that Aircraft has its State of Incorporation in The Netherlands, the Dutch Documents for that Lessee, to the extent that they relate to that Aircraft;

(d) the Mortgage for that Aircraft (if any) and the English Law Mortgage for that Aircraft and the related English Law Mortgage Letter;

(e) the Airframe Warranties Agreement for that Aircraft and the Engine Warranties Agreement for that Aircraft;

(f) the Purchase Documents for that Aircraft;

(g) any assignment of reinsurances for that Aircraft referred to in paragraph 10(m) of schedule 7;

(h) the Guarantee, to the extent that it relates to that Aircraft;

(i) where that Aircraft is subject to a Sub-Lease, the Assignment of Insurances for that Aircraft, the Deregistration Power of Attorney for that Aircraft (if any) and the Sub-Lease Account Charge for that Aircraft (if any);

(j) where that Aircraft is subject to a Sub-Sub-Lease, the Subordination Acknowledgement for that Aircraft;

(k) any other instrument, document or memorandum annexed to any of the documents referred to above or delivered pursuant thereto, to the extent that it relates to that Aircraft;

(l) any notice or acknowledgement required pursuant to the terms of any of the documents referred to above, to the extent that it relates to that Aircraft;

(m) any document, instrument or memorandum which (i) is executed and delivered in connection with a restructuring of all or any part of any of the documents referred to in this definition (including this part (m)) and is requested or consented to by debis, (ii) debis agrees constitutes a Security Document, or (iii) is entered into in substitution for or which amends, supplements, varies or novates all or any part of any of the documents referred to in this definition (including this part (m)) and is requested or consented to by debis,

and means, generally, all of the foregoing in relation to all of the Aircraft, and "**Security Document**" shall be construed accordingly;

"**Security Period**" means the period commencing on the Signing Date and ending on the date upon which the Secured Obligations shall have been satisfied in full;

"**Security Trustee**" means Crédit Lyonnais a banking institution established under the laws of France acting through its office at 1-3 rue des Italiens, 75009 Paris, France, together with its successors, permitted assignees and permitted transferees;

"**Seller**" means, in respect of an Aircraft, the Manufacturer or debis (as applicable), being the person who sells that Aircraft to the relevant Borrower;

"**Share Charges**" means together each of the Borrower Share Charges and each of the Lessee Share Charges, and "**Share Charge**" means any of them;

"**Share Pledge**" means the document so entitled dated on or about the Signing Date and entered into between debis, the Principal Borrower and the Principal Dutch Lessee in respect of the shares in the Principal Dutch Lessee;

"**Share Repledge**" means the document so entitled dated on or about the Signing Date and entered into between debis, the Principal Borrower, the Principal Dutch Lessee and the Security Trustee in respect of the shares in the Principal Dutch Lessee

"**Shareholder Funds**" means, in relation to debis at any time, the sum of Equity and debis' Subordinated Debt;

"**Signing Date**" means the date of this Agreement;

"**Specified Date**" has the meaning ascribed thereto in clause 8.6.8(b);

"**Standard**" means, in relation to any particular issue or matter, the standard which a reputable international aircraft operating lessor would apply in the applicable circumstances having regard, where relevant, to:

(a) the credit standing of the relevant or proposed Sub-Lessee or Sub-Sub-Lessee;

(b) the economic terms of the relevant or proposed Sub-Lease or Sub-Sub-Lease;

(c) the negotiating position of the relevant or proposed Sub-Lessee or Sub-Sub-Lessee and the debis Group and taking into account prevailing market conditions; and

(d) the rights and interests of the Export Credit Agencies and the Lenders in and to the Aircraft and under the Transaction Documents;

"**State of Incorporation**" means, in respect of any person, the state or country in which that person is incorporated and under whose laws it is existing and, if different, the state or country in which it has its principal place of business;

"**State of Registration**" means, in respect of any Aircraft, the state or country in which the Aircraft is registered from time to time pursuant to paragraph 1 of schedule 7;

"**Sub-Lease**" means each sub-lease of an Aircraft entered into by a Lessee in accordance with clause 8.2;

"**Sub-Lease Account**" means, in respect of an Aircraft or a Sub-Lease, the Dollar or Euro account so designated held by the Lessee which is the lessor under that Sub-Lease with the Sub-Lease Account Bank for that Aircraft, and includes any redesignation and sub-accounts thereof;

"**Sub-Lease Account Bank**" means, in respect of an Aircraft and a Sub-Lease, such bank or financial institution as may be nominated by debis and approved by the Security Trustee (acting on the instructions of all of the National Agents, the German Parallel Lender and, if there is a Mismatch Loan for that Aircraft, the Mismatch Agent), and includes its successors in title;

"**Sub-Lease Account Charge**" means, in respect of an Aircraft or a Sub-Lease, the charge, pledge or other Lien over the Sub-Lease Account for that Aircraft in form and substance reasonably satisfactory to the Security Trustee granted (where required by the terms of this Agreement) by the Lessee which is the lessor under that Sub-Lease in favour of:

(a) where that Lessee is the lessee under the Intermediate Lease for that Aircraft, the other Lessee which is the lessor under that Intermediate Lease; or

(b) otherwise, the Borrower which is the lessor under the Lease for that Aircraft,

together with an acknowledgment of the Sub-Lease Account Bank thereto which shall confirm (without limitation) that only the Security Trustee shall be entitled to withdraw or transfer monies from that Sub-Lease Account (or direct the same) and that it waives all rights of set off in relation to monies from time to time standing to the credit of that Sub-Lease Account;

"**Sub-Lease Credit Document**" means, in relation to any Sub-Lease, each letter of credit, guarantee or other similar credit enhancement document provided by any person to support or guarantee any of the obligations of the relevant Sub-Lessee under that Sub-Lease;

"**Sub-Lease Requirements**" means the requirements set out in schedule 8;

"**Sub-Lessee**" has the meaning ascribed thereto in paragraph 1 of schedule 8;

"**Sub-Lessee Notice and Acknowledgement**" means a notice in the form and terms of schedule 1 to a Security Assignment together with an acknowledgement (if any) in the form and terms of schedule 2 to that Security Assignment;

"**Sub-Lessee Security**" means, in respect of an Aircraft (i) any security deposit which has been paid or which is payable in cash by the relevant Sub-Lessee pursuant to any Sub-Lease for that Aircraft, and/or (ii) any letter of credit which any Lessee has procured the issue of in lieu of that security deposit, in each case, in accordance with the terms of that Sub-Lease;

"**Subordinated Debt**" means, in relation to debis at any time, debis' indebtedness under all subordinated loan agreements entered into by

debis, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 7.2.3;

"**Subordinated Secured Obligations**" means the Secured Obligations to the extent owed to a Lessee;

"**Subordination Acknowledgement**" means each acknowledgement issued or to be issued by a Sub-Sub-Lessee to a Lessee as contemplated and required pursuant to paragraph 3.1.2 of schedule 8;

"**Subsidiary**" means, in relation to any person, any other person:

(a) which is controlled, directly or indirectly, by the first mentioned person (and, for this purpose, a person shall be treated as being controlled by another if that other person is able to direct its affairs and/or control the composition of its board of directors or equivalent body);

(b) more than half the issued share capital of which is beneficially owned, directly or indirectly, by the first mentioned person;

(c) which is a Subsidiary of another Subsidiary of the first mentioned person; or

(d) where the beneficial interest of such other person, if it is a trust, association or other unincorporated organisation, is more than fifty per cent (50%) owned, directly or indirectly, by the first mentioned person;

"**Sub-Sub-Lease**" means a sub-sub-lease of the Aircraft entered into by a Sub-Lessee in accordance with clause 8.2;

"**Sub-Sub-Lessee**" has the meaning ascribed thereto in paragraph 1 of schedule 8;

"**Sub-Sub-Lessee Notice**" means a notice in the form and terms of schedule 7 to a Security Assignment;

"**Support Agreements**" means, in relation to an ECA Loan, together (i) the Guarantee Agreement to be entered into between ECGD and the British Lenders, and (ii) the Promesse de Garantie and the Police d'Assurance Crédit to be entered into between COFACE and the French National Agent for and on behalf of the French Lenders, and (iii) the Finanzkreditgarantie-Erklärung to be entered into between HERMES and the German Lenders;

"**TARGET**" means Trans-European Automated Real-time Gross Settlement Express Transfer payment system;

"**TARGET Day**" means any day on which TARGET is open for the settlement of payments in Euro;

"**Taxes**" and "**taxes**" means all present and future taxes, levies, imposts, duties (including, without limitation, customs duties), withholdings, assessments, fees or charges of any nature whatsoever, and wheresoever and by whomsoever imposed, together with any penalties, additions to tax, fines or interest with respect to any of the foregoing, and "**Tax**", "**tax**", "**Taxation**" and "**taxation**" shall be construed accordingly;

"**Technical Records**" means, in respect of an Aircraft, all technical data, manuals, computer records, logbooks and other records required to be maintained pursuant to any law or regulation or any requirement for the time being of the applicable Aviation Authority and relating to that Aircraft or any of its Engines or any of its Parts;

"**Termination Amount**" means any ECA Termination Amount or any Mismatch Termination Amount;

"**Termination Event**" means, in respect of an Aircraft, any Lease Termination Event in respect of that Aircraft and any Borrower Termination Event in respect of that Aircraft, and means generally any of the foregoing in relation to any of the Aircraft;

"**Testing Date**" means:

(a) the last day of each semi-annual accounting period of debis;

(b) if clause 7.2.3(d) applies or in order to enable debis to establish that a Trigger Event is no long continuing, the last day of each relevant calendar month; and

(c) the date of each Drawdown Notice;

"**Third Aircraft**" means the third Aircraft identified in Part 1 of schedule 3;

"**Third Aircraft Borrower**" means Sunshine Leasing Limited, a company incorporated under the laws of the Cayman Islands and having its registered office at Walkers SPV Limited, Walker House, Mary Street, PO Box 908GT, George Town, Grand Cayman, Cayman Islands

"**Total Assets**" means, in relation to debis at any time, the total of debis' assets, as shown in the accounts most recently provided to the Security Trustee pursuant to clause 7.2.3;

"**Total Loss**" with respect to any Aircraft, any Airframe or any Engine means:

(a) its actual, constructive, compromised, arranged or agreed total loss (including any damage thereto or requisition for use or hire which results in an insurance settlement on the basis of a total loss); or

(b) its destruction, damage beyond repair or being rendered permanently unfit for normal use for any reason whatsoever; or

(c) the requisition of title or other compulsory acquisition of that Aircraft, Airframe or Engine by any Government Entity (whether *de jure* or *de facto*), but excluding requisition for use or hire not involving requisition of title; or

(d) the hi-jacking, theft, disappearance, confiscation, detention, seizure, deprivation or requisition for use or hire of that Aircraft, Airframe or Engine which deprives any person permitted by this Agreement to have possession and/or use of the Aircraft, the Airframe or any Engine of its possession and/or use for more than one hundred and twenty (120) consecutive days,

and a Total Loss of the Aircraft shall be deemed to have occurred if a Total Loss occurs with respect to the Airframe;

"**Total Loss Payment Date**" means, in respect of any Total Loss, the earlier of (a) one hundred and eighty (180) days after that Total Loss occurs or, in the case of a Total Loss resulting from any of the circumstances referred to in paragraph (d) of the definition of Total Loss, sixty (60) days after that Total Loss occurs, and (b) the date of receipt of the relevant Total Loss Proceeds;

"**Total Loss Proceeds**" means the proceeds of the hull Insurances in respect of an Aircraft or any compensation for a Compulsory Acquisition of an Aircraft, in each case, with respect to a Total Loss;

"**Transaction Documents**" means, in respect of an Aircraft, together:

(a) this Agreement, each Accession Deed, each Transfer Certificate and the Fees Letters, in each case, to the extent that it relates to that Aircraft;

(b) the Lease for that Aircraft, any Intermediate Lease for that Aircraft, any Lessee Novation entered into by a Lessee which is a party to that Lease and/or Intermediate Lease and any Borrower Novation entered into by a Borrower which is a party to that Lease;

(c) the Security Documents for that Aircraft;

(d) the ECA Utilisation Documentation and the ECA Drawdown Notice for the ECA Loan in respect of that Aircraft;

(e) (if any) the Mismatch Utilisation Documentation and the Mismatch Drawdown Notice for the Mismatch Loan in respect of that Aircraft;

(f) any document, instrument or memorandum which (i) is executed and delivered in connection with a restructuring of all or any part of any of the documents referred to in this definition (including this part (f)) and is requested or consented to by debis, (ii) debis agrees constitutes a Transaction Document, or (iii) is entered into in substitution for or which amends, supplements, varies or novates all or any part of any of the documents referred to in this definition (including this part (f)) and is requested or consented to by debis,

and means, generally, all of the foregoing in relation to all of the Aircraft, and "**Transaction Document**" shall be construed accordingly;

"**Transfer Certificate**" means a certificate in the form set out in schedule 11 or, if an Export Credit Agency is to become an ECA Lender, in such other form as shall be agreed by the ECA Agent and debis;

"**Transferee**" shall have the meaning given thereto in clause 34.3.1;

"**Transferor**" shall have the meaning given thereto in clause 34.3.1;

"**Trigger Event**" means the occurrence of either of the following events and circumstances:

(a) the Net Worth of debis is, as at any Testing Date, less than three hundred million Dollars ($300,000,000);

(b) the ratio of the Shareholder Funds of debis to the Total Assets of debis is, as at any Testing Date, less than ten per cent. (10%);

"**Trust Documents**" means, in respect of an Aircraft, each Transaction Document for that Aircraft to which the Security Trustee is or becomes a party, other than this Agreements and the Loan Agreement for that Aircraft, and means generally all of the foregoing, and "**Trust Document**" means each or any of them (as the context may require);

"**Trustee**" means Walkers SPV Limited, in its capacity as trustee of the trusts created pursuant to the Principal Declaration of Trust;

"**Trust Property**" means (i) the Trust Documents and the security, powers, rights, titles, benefits and interests (both present and future) constituted by and conferred on the Security Trustee under or pursuant to the Trust Documents or the other Transaction Documents, and (ii) all Proceeds and any other moneys, property or other assets paid or transferred to or vested in the Security Trustee or received or recovered by the Security Trustee pursuant to, or in connection with, any of the Trust Documents or the other Transaction Documents;

"**Unpaid Amount**" has the meaning given to that term in clause 4.6.1 of the relevant ECA Loan Agreement, clause 4.6.1 of the relevant Mismatch Loan Agreement and/or clause 8.3.1 of the relevant Lease, as applicable;

"**Unutilised ECA Facility**" means, at any time, the ECA Facility Amount, as that amount may have been reduced by the amount of each ECA Loan made before that time;

"**Unutilised Mismatch Facility**" means, at any time in relation to an Aircraft:

(a) if that time occurs before the date on which a Mismatch Loan Agreement for that Aircraft is entered into by the parties thereto, the amount for that Aircraft determined in accordance with paragraph (b) of the definition of Maximum Mismatch Aircraft Amount;

(b) if that time occurs on or after the date on which a Mismatch Loan Agreement for that Aircraft is entered into by the parties thereto, the total of all of the Mismatch Commitments for that Aircraft of all of the Mismatch Lenders for that Aircraft, as that amount may have been reduced by the amount of each Mismatch Advance for that Aircraft made before that time;

"**US GAAP**" means the accounting principles, practices and policies generally adopted and accepted in the United States of America; and

"**Value Added Tax**" means value added tax as provided for in the United Kingdom Value Added Tax Act 1994 and legislation (whether delegated or otherwise) supplemental thereto or in any primary or subordinate legislation promulgated by the European Union or any body or agency thereof and any Tax similar or equivalent to value added tax imposed by any country other than the United Kingdom and any similar or turnover tax replacing or introduced in addition to any of the same.

Headings

Clause headings and the table of contents are inserted for convenience of reference only and shall be ignored in the interpretation of this Agreement.

Construction of certain terms

In this Agreement, unless the context otherwise requires:

(a) references to clauses and schedules are to be construed as references to the clauses of, and schedules to, this Agreement and references to this Agreement include its schedules;

(b) references to (or to any specified provision of) this Agreement or any other document shall be construed as references to this Agreement, that provision or that document as in force for the time being and as from time to time amended in accordance with the terms thereof, or, as the case may be, with the agreement of the relevant parties and (where that consent is, by the terms of this Agreement or the Transaction Document, required to be obtained as a condition to that amendment being permitted) the prior written consent of the Security Trustee;

(c) references to a "regulation" include any present or future regulation, rule, directive, requirement, request or guideline (whether or not having the force of law) of any agency, authority, central bank or government department or any self-regulatory or other national or supra-national authority;

(d) words importing the plural shall include the singular and vice versa;

(e) references to a time of day are to Paris time;

(f) references to a person shall be construed as including references to an individual, firm, company, corporation, unincorporated body of persons or any state or any agency thereof;

(g) references to a "guarantee" include references to an indemnity or other assurance against financial loss including, without limitation, an obligation to purchase assets or services as a consequence of a default by any other person to pay any Indebtedness and "guaranteed" shall be construed accordingly;

(h) references to any enactment shall be deemed to include references to that enactment as re-enacted, amended or extended; and

(i) the *eiusdem generis* rule shall not apply and accordingly the interpretation of general words shall not be restricted by being preceded by words including a particular class of acts, matters or things or by being followed by particular examples.

Schedule 2
The Lenders

Part I - The British Lenders

Lender	Lending Office	ECA Portion expressed as a percentage of the British ECA Portion and by Aircraft
Crédit Lyonnais	Broadwalk House 5 Appold Street London EC2A 2JP United Kingdom	**All Aircraft**: 100%

Part II - The French Lenders

Lender	Lending Office	ECA Portion expressed as a percentage of the French ECA Portion and by Aircraft
Crédit Lyonnais	1-3 rue des Italiens 75009 Paris France	**All Aircraft**: 100%

Part III - The German Lenders

Lender	Lending Office	ECA Portion expressed as a percentage of the German ECA Portion and by Aircraft
Kreditanstalt für Wiederaufbau	Palmengartenstrasse 5-9, 60325 Frankfurt am Main Germany	**Initial Aircraft:** 100% **Other Aircraft:** 0%

Part IV - The Mismatch Lenders

Lender	Lending Office	Mismatch Portion expressed as a percentage and by Aircraft
Crédit Lyonnais	Broadwalk House 5 Appold Street London EC2A 2JP United Kingdom	**All Aircraft**: Such percentage as may be agreed for the relevant Aircraft pursuant to clause 3.10

Schedule 3
The Aircraft

Part 1

Aircraft number	Scheduled Delivery Month	Aircraft Purchase Price ($)
1.	February 2003	49,114,154
2.	March 2003	49,291,722
3.	April 2003	48,756,347
4.	April 2003	49,424,277
5.	June 2003	
6.	February 2004	
7.	February 2004	
8.	February 2004	
9.	March 2004	
10.	June 2004	
11.	July 2004	
12.	November 2004	
13.	January 2005	
14.	January 2005	
15.	March 2005	
16.	March 2005	
17.	April 2005	
18.	August 2005	
19.	September 2005	
20.	October 2005	

Part 2

(a) **Maximum ECA Aircraft Amount**

In respect of any Aircraft, the amount referred to in paragraph (b) of the definition of Maximum ECA Aircraft Amount shall be determined by reference to the following table:

Aircraft type	2003	2004	2005
A319	31 983 673	33 263 019	34 593 540
A320	37 416 516	38 913 176	40 469 703
A321	43 375 118	45 829 201	47 082 895

(b) **Maximum Mismatch Aircraft Amount**

In respect of any Aircraft, the amount referred to in paragraph (b) of the definition of Maximum Mismatch Aircraft Amount shall be determined by reference to the following table:

Aircraft type	2003	2004	2005
A319	To be agreed in the context of the procedure under clause 3.10	11 232 000	11 681 280
A320	To be agreed in the context of the procedure under clause 3.10	13 322 400	13 855 296
A321	To be agreed in the context of the procedure under clause 3.10	15 690 185	16 119 403

(c) **British ECA Portion, French ECA Portion and German ECA Portion**

In respect of any Aircraft, the British ECA Portion, the French ECA Portion and the German ECA Portion respectively shall be determined by reference to the following table:

Aircraft and Engine type	British ECA Portion	French ECA Portion	German ECA Portion
A319-CFM	18 %	51 %	31 %
A319-IAE	28 %	39 %	33 %

A320-CFM	20 %	49 %	31 %
A320-IAE	32 %	32 %	36 %
A321-CFM	17 %	52 %	31 %
A321-IAE	33 %	32 %	35 %

Schedule 4
ECA Utilisation Notice

To: Crédit Lyonnais
1 rue des Italiens
75009 Paris
France

Facsimile No: +33 1 42 95 11 81
Attention: DGRE/Head of Transportation Group

From: debis AirFinance B.V. ("**debis**")

Facility Agreement dated [ ] April 2003 and made between, amongst others, you and debis, as amended, supplemented or acceded to from time to time (the "Agreement")

debis hereby gives notice in accordance with clause 4.1.1 of the Agreement that it wishes to utilise an ECA Loan and that:

(a) the proposed ECA Drawdown Date for that ECA Loan is [ ];

(b) the proposed Final ECA Repayment Date for that ECA Loan is [ ];

(c) the amount and currency of the proposed ECA Loan is [ ];

(d) the details of the relevant Aircraft are: [*type*], [*manufacturer's serial number*], [*proposed registration mark*], [*Engine Manufacturer*], [*Engine type*], [*Engine manufacturer's serial numbers*];

(e) [the proposed Sub-Lessee of that Aircraft is [ ] and its principal place of business is [ ] [and the proposed Sub-Sub-Lessee of that Aircraft is [ ] and its principal place of business is [ ]];

(f) that Aircraft will initially be registered in [ ] and it is [not] proposed that there will be a Mortgage over that Aircraft;

(g) the anticipated Aircraft Purchase Price for that Aircraft is [ ];

(h) the identity of each Borrower and Lessee to be party to the Transaction Documents for that Aircraft are [*name and jurisdiction and any other relevant information*]; and

(i) [we attach hereto a Certified Copy of the [latest draft]/[executed version] of the proposed Sub-Lease for that Aircraft].

Terms used herein defined in the Agreement have the same meanings herein.

DEBIS AIRFINANCE B.V.

By:
Name:
Title:

Schedule 5
Mismatch Utilisation Notice

To: Crédit Lyonnais
1 rue des Italiens
75009 Paris
France
Facsimile No: +33 1 42 95 11 81
Attention: DGRE/Head of Transportation Group

From: debis AirFinance B.V. ("**debis**")

Facility Agreement dated [ ] April 2003 and made between, amongst others, you and debis, as amended, supplemented or acceded to from time to time (the "Agreement")

debis hereby gives notice in accordance with clause 5.1.1 of the Agreement that it wishes to utilise a Mismatch Loan and that:

(a) the proposed [ECA Drawdown Date for the ECA Loan for the relevant Aircraft]/[First Mismatch Advance Date] is [ ] and the amount of that ECA Loan is $[ ];

(b) the [proposed]/[actual] Final ECA Repayment Date for that ECA Loan is [ ];

(c) the amount of the proposed Mismatch Loan is $[ ];

(d) the details of the relevant Aircraft are: [*type*], [*manufacturer's serial number*], [*proposed registration mark*], [*Engine Manufacturer*], [*Engine type*], [*Engine manufacturer's serial numbers*];

(e) [the proposed Sub-Lessee of that Aircraft is [ ] and its principal place of business is [ ] [and the proposed Sub-Sub-Lessee of that Aircraft is [ ] and its principal place of business is [ ]];

(f) that Aircraft will initially be registered in [ ] and it is [not] proposed that there will be a Mortgage over that Aircraft;

(g) the anticipated Aircraft Purchase Price for that Aircraft is [ ];

(h) the identity of each Borrower and Lessee to be party to the Transaction Documents for that Aircraft are [*name and jurisdiction and any other relevant information*]; and

(i) [we attach hereto a Certified Copy of the [latest draft]/[executed version] of the proposed Sub-Lease for that Aircraft].

Terms used herein defined in the Agreement have the same meanings herein.

DEBIS AIRFINANCE B.V.

By:
Name:
Title:

Schedule 6
ECA Loan Agreement

Schedule 7
Operational Undertakings

1 Registration, title and nameplates

(a) The Lessee shall:

(i) ensure that Aircraft is registered with the Aviation Authority in a country which is not, at the time of that registration, a Prohibited Country;

(ii) ensure that the relevant Borrower's ownership interest in the Aircraft is registered, recorded and noted in the register maintained by the Aviation Authority to the fullest extent possible in accordance with Applicable Laws of the State of Registration;

(iii) subject to paragraph 1(c) below, ensure that a Mortgage is executed and that that Mortgage is registered and/or the interest of the Security Trustee in the Aircraft is registered, in each case, in the register (if any) maintained by the Aviation Authority and, in each case, to the fullest extent possible in accordance with Applicable Laws of the State of Registration, and the Borrower agrees, as soon as reasonably practicable following a written request by the Lessee, to execute that Mortgage; and

(iv) ensure that the Aircraft is habitually based in a Habitual Base which is not, at the time of entering into the related Sub-Lease, a Prohibited Country.

(b) There shall be no change in the State of Registration of the Aircraft unless and until the Lessee provides an opinion of counsel acceptable to the Security Trustee (acting reasonably), in form and substance reasonably satisfactory to the Security Trustee, addressed to the Security Trustee, with respect to the laws of the new State of Registration, subject to customary qualifications and assumptions.

(c) If:

(i) the Taxes, fees, costs and expenses referred to in clauses 16.4 and 16.5 would, in relation to any individual Mortgage for an Aircraft and/or any registration contemplated by paragraph 1(h) below, exceed ten thousand Dollars ($10,000); and

(ii) the Security Trustee has received (in a reasonably satisfactory form) a legal opinion from counsel acceptable to the Security Trustee (acting reasonably) in the State of Incorporation of the relevant Sub-Lessee and (if applicable) Sub-Sub-Lessee and, if different, the Habitual Base for that Aircraft demonstrating that the rights of the Security Trustee to terminate the relevant Sub-Lease and (if applicable) Sub-Sub-Lease and repossess that Aircraft pursuant to the Security Documents for that Aircraft give at least equivalent protection as the rights the Security Trustee would have enjoyed if (A) in the case of a Mortgage, a Mortgage had been executed and registered, and/or (as applicable) (B) in the case of any registration contemplated by paragraph 1(h) below, that registration had been effected (in each case, subject to customary exclusions and qualifications),

then, unless any of the Finance Parties elect to pay the amount by which such Taxes, fees, costs and expenses exceed ten thousand Dollars ($10,000), the Lessee shall not be required to procure the execution and/or registration of a Mortgage for that Aircraft and/or (as applicable) the relevant registration contemplated by paragraph 1(h) below.

(d) The Lessee shall not do or knowingly permit to be done anything that would jeopardise the rights of the relevant Borrower as owner of the Aircraft (or of the Security Trustee as mortgagee) or that would prejudice or cancel any registration required by this Agreement and shall cause to be taken all actions necessary or reasonably requested by the Security Trustee to prevent the rights of the relevant Borrower as owner of the Aircraft (or of the Security Trustee as mortgagee) from being jeopardised, and shall not do or permit to be done anything which, or omit to do anything the omission of which, would or would be likely to prejudice any material right that the relevant Borrower or the Security Trustee may have against the Manufacturer, the relevant Engine Manufacturer, any maintenance provider or any supplier or manufacturer of the Aircraft or any part thereof under the Purchase Documents, the documents constituting the Engine Warranties (as defined in the relevant Engine Warranties Agreement) or any other agreement in respect of the Aircraft or any part thereof. Subject always to clause 16.6, at the reasonable request of the Security Trustee, the Lessee will do all acts and things (including making any filing, registration or recording with the Aviation Authority or any other Government Entity or as required to comply with any Applicable Law) and execute, notarise, file, register and record all documents as may be required by the Security Trustee and which it is possible for the Lessee to do under Applicable Laws of the State of Registration to establish, maintain, perfect, protect and preserve the rights and interests of the relevant Borrower or of the Security Trustee as mortgagee and in the Aircraft.

(e) The Lessee shall affix, maintain and shall not cover up (or permit to be covered up) a fireproof plate (having dimensions of not less than 10 cm. x 7 cm.) in a prominent position on the flight-deck or cockpit of the Aircraft and in a prominent position on each of its Engines stating:

"THIS AIRCRAFT IS OWNED BY [ ], IS LEASED TO [ ], IS SUBLEASED TO [INSERT NAME OF SUB-LESSEE] AND IS MORTGAGED TO CREDIT LYONNAIS."

(f) The Lessee shall not hold itself out to any third party as owner of the Aircraft or any part of it, and when any third party inquires as to the ownership of the Aircraft or any part thereof, it will make clear to that third party that title to the same is held by the relevant Borrower subject to the Mortgage for the Aircraft (if any) and the English Law Mortgage for the Aircraft. The Lessee shall not at any time represent or hold out any Indemnitee as carrying goods or passengers on the Aircraft or as being in any way connected or associated with any operation of carriage (whether for hire or reward, or gratuitously) that may be undertaken by the Lessee, any Sub-Lessee or any Sub-Sub-Lessee.

(g) The Lessee has no authority to pledge, and shall not pledge, the credit of any Indemnitee for any fees, costs or expenses connected with any maintenance, overhaul, repairs, replacements or modifications to the Aircraft or any part thereof or otherwise connected with the use or operation of the Aircraft or any part thereof.

(h) Subject to paragraph 1(c) above, at any time the Geneva Convention and/or the Cape Town Convention is or becomes ratified by, or recognised or made applicable in, the State of Registration for the Aircraft and/or the Habitual Base for the Aircraft, the Lessee shall, at its own cost, do all such acts and things, and provide, execute and deliver any documents, requested by the Security Trustee and which are necessary or advisable in order to register any interest under the Transaction Documents or any interest in the Aircraft or any part thereof permitted by the Geneva Convention and/or the Cape Town Convention.

2 Liens

The Lessee shall not create or permit to arise or subsist any Lien (other than Permitted Liens) over or with respect to the Aircraft or

any part thereof and shall as soon as reasonably practicable, at its own expense, discharge or procure the discharge of any such Lien if the same shall exist at any time. The Lessee shall not attempt or hold itself out as having any power to

sell, charge, lease or otherwise dispose of or encumber the Aircraft or any of its Engines or Parts other than as permitted under this Agreement or any other Transaction Document.

3 Information and records

(a) The Lessee shall keep, or procure that there are kept, the Technical Records and shall keep as part thereof accurate, complete and current records of all flights made by the Aircraft, each of its Engines and each of its Parts, and of all maintenance and repairs carried out on the Aircraft, each of its Engines and each of its Parts, in accordance with the Standard. During any Off-Lease Period, the Technical Records shall be kept and maintained in English. In addition, if, upon the expiry or other termination of any Sub-Lease, the Technical Records are then not wholly in English, the Lessee shall procure that they are as soon as reasonably practicable translated into English. Except as required by Applicable Law, the Technical Records shall be the property of the relevant Borrower and shall be subject to the Mortgage (if any) for the Aircraft and the English Law Mortgage for the Aircraft.

(b) The Lessee shall as soon as reasonably practicable on becoming aware of the same notify the Security Trustee of:

(i) any Total Loss with respect to the Aircraft, its Airframe or any of its Engines;

(ii) any loss, theft, damage or destruction of or to the Aircraft or any part thereof if the potential cost of repairs or replacement could reasonably be expected to exceed the Damage Notification Threshold or its equivalent in any other currency; and

(iii) any loss, arrest, hijacking, confiscation, seizure, requisition, impound, taking in execution, detention or forfeiture of the Aircraft.

4 Lawful and safe operation

The Lessee will:

(a) ensure that each Sub-Lease contains provisions in relation to the lawful and safe operation of the Aircraft that are consistent with the Standard; and

(b) not permit the Aircraft to be operated or used at any time for any illegal purpose or in an illegal manner, or operated or located in an area excluded from coverage by the Insurances.

5 Inspections

(a) During the course of formulating a Sub-Lease, the Lessee, based on its knowledge and experience, will define intervals at which it will inspect the Aircraft. At the commencement of any Sub-Lease, the Lessee shall inform the Security Trustee of such inspection interval. In the event that there is any change in the inspection intervals during the term of such Sub-Lease, the Lessee shall as soon as reasonably practicable inform the Security Trustee of such change. Upon completion of such inspections, the Lessee shall provide a copy of the inspection report to the Security Trustee, together with any conclusions that might (i) impact on or indicate a change to the Lessee's ability to repossess the Aircraft; or (ii) result in non-compliance with the terms of the Sub-Lease; or (iii) in the Lessee's sole opinion have a substantive effect on the market value or marketability of the Aircraft.

(b) Where the inspection report indicates any of the above, the Lessee shall inform the Security Trustee of what action the Lessee is taking to rectify the situation and shall continue to inform the Security Trustee of any actions until the Lessee, in its sole opinion, is satisfied that such conclusions are no longer relevant.

(c) If the Security Trustee (acting reasonably) wishes to inspect the Aircraft (i) at any time when a Trigger Event has occurred and is continuing, outside the intervals referred to in paragraph (a) above, and/or (ii) because it is not satisfied with any information provided to it pursuant to paragraph (a) and/or paragraph (b) above, the Lessee shall procure that the Security Trustee or its duly authorised agent is provided with access to the Aircraft for such purpose.

(d) The Lessee shall ensure that it is entitled under the terms of the relevant Sub-Lease, on receiving notice from the Security Trustee, to require that the relevant Sub-Lessee permits the Security Trustee or its duly authorised agent to inspect the relevant Aircraft, its Technical Records and/or its Engines whenever the Security Trustee is entitled to do so pursuant to paragraph (c) above but subject to reasonable notice and no interruption of the operation of the Aircraft. To the extent practicable, any such inspection shall be co-ordinated so as to take place at the same time as the Lessee is conducting its inspection. The Security Trustee shall have no duty to make any such inspection and shall not incur any liability or

obligation by reason of not making any such inspection.

(e) All inspections undertaken by the Security Trustee or its duly authorised agent as contemplated by this paragraph 5 shall be at the cost of the Borrowers.

6 Prevention of arrest

The Lessee will not do, and will use all reasonable endeavours to prevent, any act which could reasonably be expected to result in the Aircraft or any of its Engines being arrested, confiscated, seized, taken in execution, impounded, forfeited, detained in exercise or purported exercise of any possessory Lien or other claim or otherwise taken from the possession of the Lessee, any Sub-Lessee or any Sub-Sub-Lessee and, if any such arrest, confiscation, seizure, taking, impounding, forfeiture or detention occurs, the Lessee will give the Security Trustee written notice thereof as soon as reasonably practicable, and will make all reasonable efforts to procure the prompt release of the Aircraft and each of its Engines.

7 Maintenance and repair - general

The Lessee shall procure that the Aircraft is not operated in any manner whatsoever other than by (a) a Sub-Lessee or Sub-Sub-Lessee in possession of a valid, current and up to date Air Operator's Certificate for aircraft of the same type as the Aircraft, or (b) during any Off-Lease Period, duly qualified pilots and crew employed by the Lessee and possessing all certificates and licenses required by Applicable Law. The Lessee shall perform or cause to be performed all service, inspection, maintenance, modification, storage, repair and overhaul in accordance with the Maintenance Programme and in a maintenance facility approved by debis in accordance with the Standard.

8 Parts; Engines; modifications and related matters

The Lessee shall be entitled to, and may permit any Sub-Lessee or Sub-Sub-Lessee to:

(a) substitute and/or replace Parts, on a temporary or permanent basis;

(b) pool Parts;

(c) make modifications to the Aircraft; and

(d) remove, interchange, pool, install, substitute and/or replace any Engine, on a temporary or permanent basis,

provided, in each case, that:

(i) such action is consistent with the Standard; and

(ii) title to any Engine or Part is retained by the Borrower and subject to the Mortgage (if any) and the English Law Mortgage, unless the Borrower has obtained title to a replacement Engine or Part having the same or higher standard in terms of serviceability, airworthiness and fitness for use as the Engines or Part that it replaced. Upon such a transfer, such replaced Engine or Part shall, without further act, become subject to the Mortgage (if any) and the English Law Mortgage, and title to the replaced Engine or Part shall vest in the Lessee free from Borrower's Liens, Finance Party Liens and the Liens constituted by the Security Documents.

9 Title

From the time when the relevant Borrower acquires title to the Aircraft from the Seller pursuant to the Purchase Documents, title to the Aircraft shall remain vested in the relevant Borrower subject to the Mortgage and Permitted Liens and any assignment, charge, transfer of title, sale or disposal the relevant Borrower may make in accordance with this Agreement. Save as aforesaid, the relevant Borrower gives no condition, warranty or representation in respect of title to or its interest in the Aircraft, and all such conditions, warranties or representations, expressed or implied, statutory or otherwise, are hereby expressly excluded.

10 Insurances - - obligation to insure

(a) General

The Lessee shall effect and maintain or cause to be effected and maintained in full force and effect insurances on and with respect to the Aircraft that comply with the provisions of this Agreement. The Lessee further agrees that such insurances shall reflect prudent industry practice in the international aviation insurance market for air carriers comparable to the relevant operator operating the same type of aircraft as the Aircraft on similar routes and shall be effected and maintained with insurers and reinsurers and/or through brokers, in each case, of recognised standing in the London, Paris or New York market or otherwise reasonably satisfactory in all respects to the Security Trustee.

The insurances will be effected either:

(i) on a direct basis with insurers of recognised standing who normally participate in aviation insurances in the leading

international insurance markets and led by internationally recognised and reputable underwriter(s); or

(ii) with a single internationally recognised and reputable insurer or group of internationally recognised and reputable insurers who does not retain the risk but effects substantial reinsurance with reinsurers in the leading international insurance markets and through brokers each of internationally recognised standing in the international aviation insurance markets for a percentage which is consistent with prudent market practice (the "**Reinsurances**").

(b) Hull insurance with respect to the Aircraft

The Lessee shall obtain and maintain, or cause to be obtained and maintained, with respect to the Aircraft the following insurance coverage:

(i) "Hull All-Risks" of loss or damage while flying and on the ground with respect to the Aircraft on an "agreed value" basis for an amount not less than the Required Insurance Value;

(ii) "All-Risks" (including "War and Allied Risk" except when on the ground or in transit other than by air) property insurance on all Engines and Parts when not

installed on the Aircraft on an "agreed value" basis for their full replacement value and including engine test and running risks; and

(iii) "Hull War and Allied Perils" as per and as wide as LSW555B including if generally available at a commercially reasonable rate and otherwise permitted confiscation and requisition by the State of Registration on an "agreed value" basis for an amount not less than the Required Insurance Value,

and all such insurance coverage shall be in Dollars or, if the relevant ECA Loan is denominated in Euro, Euro or Dollars (unless otherwise agreed by the Security Trustee, such agreement not to be unreasonably withheld).

(c) Terms specific to hull insurance

The Insurances required under paragraph 10(b) above shall be provided on an agreed value basis and the policies shall, to the extent not in conflict with AVN 67B or any replacement or equivalent thereof:

(i) include the relevant Borrower, the relevant Lessee(s) and the Security Trustee acting on behalf of the Finance Parties as additional insureds for their respective rights and interests (the "**Hull Additional Insureds**");

(ii) include a loss payable section that provides that all insurance proceeds in respect of a Total Loss shall be settled in Dollars or Euro (as applicable) and paid to the Security Trustee or its designee;

(iii) be subject to such exclusions and deductibles as are consistent with prudent market practice;

(iv) not contain any right on the part of the insurers to replace the Aircraft,

and the certificate of insurance will show all aggregate or overall limits applicable to war risks and spares insurance.

In the event that separate insurances are arranged to cover the "Hull All-Risks" insurance and the "Hull War-Risks" and related insurances, the underwriters subscribing to that insurance agree that, in the event of any dispute as to whether a claim is covered by the "Hull All-Risks" or "Hull War-Risks" policies, that claim be settled on a 50/50 claim funding basis in accordance with AVS103 (or similar).

(d) Liability insurance with respect to the Aircraft

(i) The Lessee shall obtain and maintain or cause to be obtained and maintained a policy or policies of comprehensive insurance covering third party legal liability, bodily injury and property damage, passenger legal liability, baggage, cargo and mail for a combined single limit of not less than $500,000,000 (or the equivalent amount expressed in Euro, if expressly approved by the Security Trustee), for any one accident, that policy or policies to cover war risks and allied perils in accordance with extended coverage endorsement AVN.52(D) with an extended aggregate coverage limit of not less than $750,000,000 any one occurrence and in the annual aggregate.

(ii) The policies evidencing the Insurance required under paragraph 10(d)(i) above shall, to the extent not in conflict with AVN 67B or any replacement or equivalent thereof:

(A) include each of the Indemnitees as additional insureds (the "**Liability Additional Insureds**") for their respective rights and interests;

(B) provide that all the provisions thereof, except the limits of liability, shall operate to give each of the Liability Additional Insureds the same protection as if there were a separate policy issued to, and covering, each of the Liability Additional Insureds; and

(C) be primary and without right of contribution from other insurance that may be available to any of the other Liability Additional Insureds.

(e) Provisions relating to all Insurances

The policies evidencing any of the Insurances required under this Agreement shall, to the extent not in conflict with AVN 67B or any replacement or equivalent thereof:

(i) provide that the Insurances shall not be invalidated, so far as concerns any of the Hull Additional Insureds and the Liability Additional Insureds (collectively the "**Additional Insureds**" and each an "**Additional Insured**"), by any action or inaction or omission (including misrepresentation and nondisclosure) by the Lessee, any Sub-Lessee or any other person that results in a breach of any term, condition or warranty of that policy, provided that the Additional Insured so protected has not caused, contributed to or knowingly condoned the action, inaction or omission, as the case may be;

(ii) specifically reference this Agreement and the other relevant Transaction Documents;

(iii) provide for worldwide coverage (subject only to such exceptions as are customary in insurance coverage carried by the relevant operator);

(iv) provide that, upon payment of any loss or claim to or on behalf of any Additional Insured, the respective insurer shall to the extent and in respect of that payment be thereupon subrogated to all legal and equitable rights of that Additional Insured indemnified hereby (but not against any other Additional Insured), provided that that insurer shall not exercise such rights without the consent of the indemnified Additional Insured;

(v) provide that none of the Additional Insureds shall be liable for any premiums in respect thereof and that the insurers shall waive any right of set-off or counterclaim against the Additional Insureds except in respect of unpaid premiums in respect of the Aircraft;

(vi) provide that the insurers shall as soon as reasonably practicable notify the Security Trustee in the event of cancellation of, or any material change in, the Insurances or any act, omission or event that might invalidate or render unenforceable the Insurances, or in the event that any premium or instalment of premium shall not have been paid when due, and that the Insurances shall continue unaltered for the benefit of each Additional Insured for at least thirty (30) days after written notice by registered mail of that cancellation, change, act, omission, event or non-payment of premium or instalment thereof shall have been sent by the Insurer to the Security Trustee except in the case of War Risks for which seven (7) days notice (or such period as may be customarily available in respect of War Risks or Allied Perils) will be given; and

(vii) provide coverage with respect to losses and claims in connection with any change of year, date or time to the fullest extent as customary in the worldwide aviation insurance market, including date recognition limited coverage clauses AVN 2001 and AVN 2002.

(f) Information

On or before the Delivery Date for the Aircraft and as soon as reasonably practicable after each renewal of the Insurances, the Lessee shall provide the Security Trustee with (in each case, in English or accompanied by a certified translation into English) certificates of insurance and a broker's or insurer's letter of undertaking that (i) evidence to the satisfaction of the Security Trustee that the insurances are and will continue in full force after the Delivery Date or the renewal date (as the case may be) for such period as shall then be stipulated, and (ii) contain such other certifications and undertakings as are customarily provided to lessors and secured financiers by the relevant insurance brokers.

(g) Other insurance; no Lien

(i) The Lessee shall not, and shall procure that no Sub-Lessee or other person shall, without the prior written consent of the Security Trustee, maintain insurances with respect to the Aircraft or any of its Engines other than as required under this Agreement if the maintenance thereof would adversely affect any Indemnitee's interests hereunder or under any of the Insurances in any material respect.

(ii) The Lessee shall not, and shall procure that no Sub-Lessee or other person shall, sell, assign, dispose of or create or permit to exist any Lien over the Insurances, or its interest therein, save as may be constituted by this Agreement and the other Transaction Documents.

(h) Failure to insure

If at any time insurances are not in full force and effect in compliance with all provisions of this Agreement, the Security Trustee shall be entitled but not bound (without prejudice to any other rights that it may have or acquire under this Agreement by reason of that failure):

(i) to pay any premiums due or to effect or maintain insurances satisfactory to the Security Trustee, or otherwise remedy that failure in such manner as the Security Trustee consider appropriate, and the Lessee shall as soon as reasonably practicable reimburse the Security Trustee in full for any amount so expended by the Security Trustee; and/or

(ii) at any time while that failure is continuing, to require the Aircraft to remain at any airport, or to proceed to and remain at any airport, designated by the Security Trustee until that failure is remedied.

(i) Settlement of claims

Where AVN67B or any replacement or equivalent thereof does not apply, the Lessee will not settle or permit settlement of any claims arising under any of the Insurances in excess of an amount in any currency equal to $10,000,000 or make or permit any payment in connection therewith without the prior written consent of the Security Trustee. Subject to AVN67B or any replacement or equivalent thereof, the proceeds of insurances in respect of a Total Loss of the Aircraft or the Airframe shall be paid to the Security Trustee for application in accordance with this Agreement. The proceeds of insurances in respect of any loss other than a Total Loss of the Aircraft or the Airframe shall (a) if that loss is less than $10,000,000 be paid to such parties as may be necessary to repair the Aircraft or to the Lessee in reimbursement of the cost of repair of the Aircraft, or (b) if that loss is greater than $10,000,000 be paid to such parties as may be necessary to repair the Aircraft or to the Security Trustee for application in accordance with clause 15.3.

(j) Self-insurance

The Lessee and any Sub-Lessee or Sub-Sub-Lessee shall be entitled to self-insure the amount of any deductible under the Insurances.

(k) Post-termination

With effect from the expiry or termination of the leasing of the Aircraft under the relevant Lease, for a period ending on the earlier of (i) the second anniversary of the date of that expiry or termination, and (ii) the date of completion of the first Heavy Maintenance Check for the Aircraft after the date of that expiry or termination, the Lessee shall effect and maintain (or procure) for the benefit of the relevant Borrower, each Finance Party and any other Indemnitee requested by the Security Trustee, as additional named insureds, the Insurance required by this Agreement. The obligation of the Lessee to effect and maintain (or procure) that Insurance shall continue notwithstanding the Lessee ceasing to be a user, operator and/or owner of the Aircraft.

(l) Reinsurance

If and for so long as the Insurances required by this Agreement are effected through reinsurances, such reinsurances will be on the same terms as the original insurances.

(m) Cut-through clause

If and for so long as the Insurances required by this Agreement are effected through reinsurances, such reinsurances shall, if available, contain a "cut-through" clause in a form consistent with prudent market practice and, if the same is customarily required and/or obtained by the debis Group from the relevant Insurer, debis shall procure that that Insurer shall execute, for the ultimate benefit of the Security Trustee, an assignment of reinsurances for the Aircraft in form and substance satisfactory to the Security Trustee.

(n) Change in insurance practice

(i) If there is a material change in the generally accepted industry-wide practice with regard to the insurance of aircraft or any material change with respect to the insurance of aircraft based or operated in any jurisdiction in which the Aircraft may then be based or operated such that the Security Trustee shall be of the reasonable opinion (based upon the advice (the "**Advice**") of reputable international insurance advisers of good standing and repute, experienced in the field of commercial aviation insurances and (as applicable) experienced and reputable legal advisers qualified in the relevant jurisdictions to opine on matters related to commercial aviation, in each case as appointed by the Security Trustee with the Borrowers being responsible for the cost of that Advice) that the Insurances required pursuant to this Agreement are insufficient (bearing in mind the interests of the Additional Insureds and generally adopted practice in the aviation industry), the insurance requirements set forth in this Agreement shall be amended so as to include such additional or varied requirements as may be agreed between the Lessee and the Security Trustee, each acting reasonably.

(ii) If, at any time, the Insurances required under this Agreement in relation to third party war and allied perils liability

risks cease, or will cease, to be available in the leading aviation insurance market on a per occurrence basis, then if there occurs any event that gives rise to a claim under such Insurances in relation to the Aircraft or any other aircraft operated by the Lessee which reduces the remaining aggregate cover applicable to such Insurances below the required liability coverage amount of not less than $500,000,000 the Lessee shall, if requested by the Security Trustee, either (a) cause to be reinstated in an amount at least equal to the required liability coverage amount of not less than $500,000,000 the coverage in relation to such Insurances, or (b) take steps available to it to ground the Aircraft and ensure that the Aircraft is covered by such ground risk coverage as is customary in accordance with normal industry practice in an amount at least equal to that required under this Agreement.

(iii) If, at any time, any of the Insurances required by this Agreement cease, or will cease, to be available on commercially reasonable terms in the leading aviation insurance market, the Security Trustee and the Lessee agree to hold good faith discussions at that time for a period of up to seven (7) Banking Days (or such longer period as the parties may agree) to ascertain what alternatives (if any) to such Insurances exist which can be obtained by the Lessee on commercially reasonable terms and which protect the respective interests of the relevant Borrower and the Finance Parties having regard to market practice at the relevant time. Neither the relevant Borrower nor any Finance Party shall be under any obligation to take any action, grant consents or waivers or take other steps if to do so (a) would or would be likely to involve it in any unlawful activity or would involve it in any Loss or Tax disadvantage unless indemnified to its satisfaction by the Borrowers, who shall have been counter-indemnified by the Lessees with such counter-indemnity being guaranteed by debis under the Guarantee, or (b) would or might reasonably be expected to result in the rights, title and interests of the Finance Parties and the Borrowers (or any of them) in and to the Aircraft and/or under any Transaction Document being materially adversely affected.

Schedule 8
Sub-Lease requirements

1 Sub-Lessee or Sub-Sub-Lessee

Each sub-lessee ("**Sub-Lessee**") and each sub-sub-lessee ("**Sub-Sub-Lessee**") shall be a person:

1.1 holding all relevant certificates and consents for the operation of the Aircraft whose State of Incorporation is not located in a Prohibited Country and which is not subject to any Lessee Insolvency Event, in each case, as at the time of entering into such Sub-Lease or Sub-Sub-Lease; or

1.2 otherwise approved in writing by the ECA Agent (acting on the instructions of all of the National Agents, the German Parallel Lender and (if the Aircraft is a Mismatch Aircraft) the Mismatch Agent).

2 Sub-Lease terms

2.1 Payments

Each Sub-Lease shall require the payment of rent in Dollars or Euros in such amounts which are either:

(a) sufficient (assuming no change in prevailing interest and/or exchange rates from the date on which the determination of that sufficiency is made) to enable the relevant Borrower to pay to the Agent in aggregate (x) on each ECA Repayment Date for the ECA Loan for the Aircraft an amount equal to not less than seventy five per cent. (75%) of the relevant ECA Repayment Instalment payable on that ECA Repayment Date and (y) on each Mismatch Interest Payment Date for the Mismatch Loan (if any) for the Aircraft an amount equal to not less than seventy five per cent. (75%) of the amount of interest payable pursuant to clause 4.1 of the Mismatch Loan Agreement for the Aircraft on that Mismatch Interest Payment Date; or

(b) provided that the term of the Sub-Lease does not exceed three (3) years and no Trigger Event has occurred and is continuing, reflective of rents generally available in the operating lease market for new leases of the same type and age of aircraft as the Aircraft for the same or a similar term and to operators of the same or a similar standing to the relevant Sub-Lessee.

2.2 Operational Undertakings

Each Sub-Lease shall contain provisions corresponding in all material respects with (or imposing more onerous obligations on the Sub-Lessee than) the Operational Undertakings, other than:

(a) any covenants or undertakings which relate to the execution, registration, perfection, filing, notarising, recording or the taking of any other action in respect of any Mortgage, any English Law Mortgage, any Security Document or the rights and interests of the Security Trustee or any Finance Party under any Transaction Document; or

(b) any covenants or undertakings which relate to the reimbursement or indemnification of the Security Trustee in respect of any costs or expenses of the type referred to in the Operational Undertakings or to the giving of any notice to the Security

Trustee; or

(c) any provisions which contain references to the exercise by the Security Trustee of any discretion or which refer or relate to any act, matter or thing being acceptable to, consented to, by or approved by the Security Trustee.

In addition, the definition of Permitted Lien (or the equivalent thereof) in any Sub-Lease may include any Liens created or arising by or through, or as a result of any act or omission of, any person other than the Sub-Lessee, except any such Liens which are created or arise as a result of matters for which the Sub-Lessee is responsible under the terms of the Sub-Lease, by way of any formulation thereof which is consistent with the Standard.

2.3 Governing law

The relevant Lessee shall use all reasonable efforts to procure that the governing law of the Sub-Lease shall be English law or New York law. However, the governing law may be the law of another country if the legal opinion (of counsel qualified in that country) states that the Sub-Lease constitutes binding and enforceable obligations of the Sub-Lessee under that law (that opinion may be subject to qualifications acceptable to the Lessee, acting in accordance with the Standard).

2.4 Additional documents

Any ancillary documents or letter agreements entered into by the relevant Lessee with the Sub-Lessee shall not contain any provisions which conflict with or qualify the provisions of this schedule 8.

2.5 Language

Each Sub-Lease shall be in English.

2.6 No sale

No Sub-Lease shall confer any ownership right, title or interest to or in the Aircraft, including, without limitation, by means of a purchase option at a nominal price unless any purchase option is expressly subject to the Lessee obtaining title to the Aircraft under the Lease.

3 Sub-Sub-Leases

The following conditions shall be satisfied in relation to any Sub-Sub-Lease which is not a wet lease which satisfies the requirements of paragraph 5 below:

3.1 The Sub-Sub-Lease shall provide that:

3.1.1 the Sub-Sub-Lease is subject and subordinate to the then current Sub-Lease in all respects and the rights of the Sub-Sub-Lessee under the Sub-Sub-Lease are subject and subordinate in all respects to the rights of the relevant Lessee under then current Sub-Lease; and

3.1.2 prior to delivery of the Aircraft to the Sub-Sub-Lessee (as a condition precedent thereto), the Sub-Sub-Lessee shall provide an acknowledgement to the relevant Lessee (in a form satisfactory to the Security Trustee, acting reasonably) confirming its agreement to this provision and confirming that its rights to possession of the Aircraft under the Sub-Sub-Lease will terminate immediately upon the termination of the then current Sub-Lease, and that it will redeliver the Aircraft to the relevant Lessee upon notification from that Lessee that an event of default (howsoever described) under the then current Sub-Lease has occurred and that it has, as a result thereof, terminated the Sub-Lessee's right to possession of the Aircraft under the then current Sub-Lease (the "**Subordination Acknowledgement**"),

and, in each case, the same shall be valid and enforceable as a matter of all Applicable Laws, subject to customary exclusions and qualifications.

3.2 Notwithstanding the Sub-Sub-Lease, the relevant Sub-Lessee shall remain fully liable and responsible for performing, and procuring observance of and compliance with, all of its obligations under the relevant Sub-Lease.

3.3 The relevant Lessee shall or shall procure that the relevant Sub-Lessee shall deliver a Sub-Sub-Lessee Notice forthwith to the Sub-Sub-Lessee and evidence to the reasonable satisfaction of the Security Trustee that:

3.3.1 that Sub-Sub-Lessee Notice has been served on and received by the Sub-Sub-Lessee; and

3.3.2 if the assignments contemplated by the Lessee Assignment(s) which relates to the Aircraft and/or the Security Assignment which relates to the Aircraft respectively would otherwise not be permitted, the Sub-Sub-Lessee shall have consented to such

assignments.

3.4 As soon as reasonably practicable after its execution, the Lessee shall provide the Security Trustee with a copy of the signed Sub-Sub-Lease.

4 Additional Sub-Lease requirements

The following conditions shall be satisfied in relation to any Sub-Lease:

4.1 There is executed and delivered by the relevant Lessee and the Sub-Lessee an Assignment of Insurances and, where the same is available and advisable under Applicable Law, a Deregistration Power of Attorney, together with such other documents and/or authorisations as may be necessary or advisable as a matter of Applicable Law of the State of Registration of the Aircraft to ensure that the Security Trustee is able to exercise that Lessee's rights thereunder at all times when a Lease Termination Event has occurred and is continuing.

4.2 The relevant Lessee shall execute and deliver a Sub-Lessee Notice and Acknowledgement forthwith to the Sub-Lessee and shall:

4.2.1 evidence to the reasonable satisfaction of the Security Trustee that:

(a) that Sub-Lessee Notice and Acknowledgement has been served on and received by the Sub-Lessee; and

(b) if the assignments contemplated by the Lessee Assignment(s) which relates to the Aircraft and/or the Security Assignment which relates to the Aircraft respectively would otherwise not be permitted, the Sub-Lessee shall have consented to such assignments; and

4.2.2 use all reasonable endeavours to procure that the Sub-Lessee issues the Sub-Lessee Notice and Acknowledgement to, amongst others, the Security Trustee in return for the issue to the Sub-Lessee of the Quiet Enjoyment Undertaking.

4.3 The Lessee shall execute and deliver an Insurance Notice forthwith to the Insurer and shall:

4.3.1 evidence to the reasonable satisfaction of the Security Trustee that:

(a) that Insurance Notice has been served on and received by the Insurer; and

(b) if the assignments contemplated by the Lessee Assignment(s) which relates to the Aircraft and/or the Security Assignment which relates to the Aircraft respectively would otherwise not be permitted, the Insurer shall have consented to such assignments; and

4.3.2 use all reasonable endeavours to procure that the Insurer issues an Insurance Acknowledgement to, amongst others, the Security Trustee.

4.4 The Lessee provides opinions of counsel satisfactory to the Security Trustee (acting reasonably), in form and substance reasonably satisfactory to the Security Trustee, addressed to the Security Trustee, with respect to the laws of the State of Incorporation of the Sub-Lessee, subject to customary qualifications and assumptions.

4.5 The Lessee shall put, or shall permit the Security Trustee to put, to such legal counsel such further questions, including by way of a jurisdictional questionnaire, as the Security Trustee may, acting reasonably and after having consulted with in-house counsel of debis, wish to have answered in connection with the proposed leasing of the Aircraft into such jurisdictions and the rights and interests of the Finance Parties and the Borrowers in connection therewith.

4.6 As soon as reasonably practicable after its execution, the relevant Lessee shall provide the Security Trustee with a copy of the signed Sub-Lease.

5 Wet Leases

A Sub-Sub-Lease of the Aircraft which is a wet lease shall satisfy the following conditions:

5.1 The Aircraft shall be operated solely by regular employees of the relevant Sub-Lessee possessing all certificates and licenses that are required by Applicable Law.

5.2 The Aircraft shall be subject to insurance coverage which complies with the requirements of this Agreement and the relevant Sub-Lease.

5.3 The Aircraft shall be maintained by the relevant Sub-Lessee in accordance with requirements of the relevant Sub-Lease.

5.4 The Aircraft shall not be subject to any change in the State of Registration.

Schedule 9
Quiet Enjoyment Undertaking

[*Insert name and address of Sub-Lessee*]

Dated: [ ]

Dear Sirs

One (1) Airbus [ ] Aircraft msn [ ] (the "Aircraft")

Reference is made to:

1 an aircraft lease agreement dated [ ] between you, as lessee, and [ ], as lessor (the "**Operating Lessor**"), in respect of the Aircraft (the "**Lease Agreement**");

2 [a lease agreement dated [ ] between the Operating Lessor, as lessee, and [ ], as lessor (the "**Intermediate Lessor**") in respect of the Aircraft (the "**Intermediate Lease Agreement**");]

3 a lease agreement dated [ ] between the [Operating Lessor]/[Intermediate Lessor], as lessee, and [ ], as lessor (the "**Lessor**") in respect of the Aircraft (the "**Head Lease Agreement**");

4 [the lessee assignment dated of even date herewith between the Operating Lessor, as assignor, and the Intermediate Lessor, as assignee, pursuant to which the Operating Lessor has assigned absolutely by way of security to the Intermediate Lessor all its right, title and interest in and to, *inter alia*, the Lease Agreement (the "**Intermediate Lessee Assignment"**);]

5 the lessee assignment dated of even date herewith between the [Operating Lessor]/[Intermediate Lessor], as assignor, and the Lessor, as assignee, pursuant to which the [Operating Lessor]/[Intermediate Lessor] has assigned absolutely by way of security to the Lessor all its right, title and interest in and to, *inter alia*, [the Lease Agreement]/[the Intermediate Lease Agreement and the Intermediate Lessee Assignment] (the "**Lessee Assignment"**); and

6 the security assignment dated [ ] between the Lessor, as assignor, and Crédit Lyonnais as security trustee (the "**Security Trustee**"), as assignee, pursuant to which the Lessor has assigned absolutely by way of security to the Security Trustee all its right, title and interest in and to, *inter alia*, the Head Lease Agreement and the Lessee Assignment.

[The Intermediate Lessor hereby undertakes that, subject to no [Event of Default] (as that term is defined in the Lease Agreement) having occurred and being continuing, neither the Intermediate Lessor, nor any person lawfully claiming through the Intermediate Lessor, will disturb your lawful use, possession and quiet enjoyment of the Aircraft during the [Term] (as that term is defined in the Lease Agreement).]

The Lessor hereby undertakes that, subject to no [Event of Default] (as that term is defined in the Lease Agreement) having occurred and being continuing, neither the Lessor, nor any person lawfully claiming through the Lessor, will disturb your lawful use, possession and quiet enjoyment of the Aircraft during the [Term] (as that term is defined in the Lease Agreement).

The Security Trustee hereby undertakes that, subject to no [Event of Default] (as that term is defined in the Lease Agreement) having occurred and being continuing, neither the Security Trustee, nor any person lawfully claiming through the Security Trustee, will disturb your lawful use, possession and quiet enjoyment of the Aircraft during the [Term] (as that term is defined in the Lease Agreement).

This letter will be governed by and construed in accordance with English law.

Please countersign this letter in order to confirm your agreement to the arrangements contained herein.

Yours faithfully

[For and on behalf of
[•]
as Intermediate Lessor
Name:
Title:]

For and on behalf of
[•]
as Lessor
Name:
Title:

For and on behalf of
CRÉDIT LYONNAIS
as Security Trustee
Name:
Title:

Agreed and accepted.
For and on behalf of
[•]
Name:
Title

Schedule 10
Part I : Conditions precedent - initial

1. Principal documents

(a) An original of this Agreement duly executed by the parties thereto;

(b) a duly executed original of the Guarantee;

(c) a duly executed original of each of the Fees Letters;

(d) a duly executed original of each Principal Lessee Share Charge, together with originals of the share certificates of each Principal Lessee, as referred to therein, and duly executed originals of the letters of resignation, irrevocable proxy, undated share transfer forms and other ancillary documents referred to therein;

(e) a duly executed original of each Principal Borrower Share Charge, together with originals of the share certificates of each Initial Borrower, as referred to therein, and duly executed originals of the letters of resignation, irrevocable proxy, undated share transfer forms and other ancillary documents referred to therein;

(f) a duly executed original of each Initial Borrower Floating Charge, together with duly executed originals of the notices and acknowledgements referred to therein;

(g) a duly executed original of the Initial Administration Agreement;

(h) a duly executed original of each of the Principal Declaration of Trust;

(i) a duly executed original of the Initial Comfort Letter;

(j) a duly executed original of a Security Assignment for each initial Borrower, together with duly executed originals of the notices and acknowledgements referred to therein.

2. Corporate documents

For each debis Obligor and each Borrower, a certificate signed by a director or the company secretary setting out the specimen signature of those persons authorised to sign the Transaction Documents to which it is or is to be a party and attaching, and certifying as true copies of the originals, copies of:

(a) its certificate of incorporation and constitutional documents;

(b) the resolutions of its board of directors approving the execution and performance of each Transaction Document to which it is or is to be a party;

(c) if required, the resolutions of its shareholders approving the execution and performance of each Transaction Document to which it is or is to be a party;

(d) a power of attorney appointing those persons authorised to sign on its behalf each Transaction Document to which it is or is to be a party.

3. Cayman Islands Tax exemption

A certificate of tax exemption in respect of each Initial Borrower from the appropriate Cayman Islands authorities.*

4. Process agent letters

(a) Letters from Freshfields Bruckhaus Deringer accepting its appointment as agent for service of process in England for each Principal Lessee and debis; and

(b) letters from Norose Notices Limited accepting its appointment as agent for service of process in England for each Initial Borrower.

5. Legal opinions

Legal opinions from:

(a) Norton Rose, English, French and Dutch counsel to the Lenders;

(b) Walkers, Cayman Islands counsel, in relation to each Initial Borrower and the Initial Manager;

(c) McCann FitzGerald, Irish counsel, in relation to the Principal Irish Lessee;

(d) Freshfields Bruckhaus Deringer, with respect to the governing law of the Engine Warranties Agreements.

Part II: Conditions precedent to each Loan

1. Representations and warranties

All representations and warranties made (or deemed repeated) by or on behalf of the relevant Borrower and each relevant Lessee in clause 6, by debis in the Guarantee and by any Alternative Obligor under the relevant Accession Deed shall be true and accurate on the ECA Drawdown Date with reference to the circumstances and facts existing on the ECA Drawdown Date.

2. Principal documents

Duly executed originals of all ECA Utilisation Documentation for the relevant Aircraft and, if that Aircraft is to be a Mismatch Aircraft, duly executed originals of all Mismatch Utilisation Documentation for that Aircraft.

3. Support Agreements

The Support Agreements of each of ECGD, COFACE and HERMES each of which shall be in full force and effect.

4. Corporate documents

The documents referred to in paragraph 2 of Part I, in relation to each Obligor which is a party to any ECA Utilisation Documentation and/or Mismatch Utilisation Documentation for the Aircraft.

5. Process agent letters

The documents referred to in paragraph 4 of Part I, in relation to each Obligor which is a party to any ECA Utilisation Documentation and/or Mismatch Utilisation Documentation for the Aircraft.

6. Insurances

A certificate of the applicable Insurer in respect of the Insurances together with a letter of undertaking to the extent that the Insurances are placed through an insurance broker, and, if the Aircraft is reinsured, a reinsurance broker's letter of undertaking and a certificate of reinsurance, evidencing compliance with the requirement of this Agreement or otherwise in form and substance reasonably acceptable to the Security Trustee.

7. Aircraft registration documents

Evidence of registration of the Aircraft with the applicable Aviation Authority.

8. Documents and evidence relating to the purchase and delivery of the Aircraft

(a) Evidence that the Aircraft has not suffered a Total Loss;

(b) a commercial invoice for the Aircraft (including the installed Buyer Furnished Equipment and, if applicable, lessee furnished equipment) issued by the Seller specifying the net final contract price for the Aircraft and, if the Seller is not Airbus, from Airbus respectively;

(c) confirmation that a letter from the applicable Engine Manufacturer has been sent to the Export Credit Agencies setting out the

credit memoranda deductible from the purchase price of the Aircraft in respect of the relevant Engines;

(d) written confirmation from the Seller that the Purchase Documents are in full force and effect;

(e) written confirmation from Airbus that the Airbus Purchase Agreement is in full force and effect;

(f) a certificate from the Seller addressed to the Security Trustee confirming that the identification plates required to be affixed on the Aircraft and the relevant Engines pursuant to this Agreement have been affixed;*

(g) a certificate from Airbus or, in the case of the Initial Aircraft, the Initial Sub-Lessee confirming that the Buyer Furnished Equipment has been installed on the Aircraft.

9. Payments

(a) Evidence that the initial rental payment due on the Delivery Date by the relevant Lessee under the relevant Lease has been paid; and

(b) the receipt by the relevant payees of all fees referred to in the Fees Letters which are payable on or prior to the ECA Drawdown Date.

10. Legal opinions

The legal opinions referred to in paragraph 5 of Part I (other than the opinion referred to in paragraph (d) thereof), together with legal opinions from:

(a) the Manufacturer;

(b) the Engine Manufacturer;*

(c) independent counsel acceptable to the Finance Parties and the Export Credit Agencies with respect to the lex situs of the Aircraft at the time at which title to the Aircraft is transferred to the relevant Borrower and at the time at which the English Law Mortgage and (if any) Mortgage respectively become effective.

* The conditions precedent marked with an asterisk in this schedule 10 have been waived by the Finance Parties in respect of the Initial Aircraft only on terms that they will be fulfilled to the satisfaction of the ECA Agent by no later than the date falling sixty (60) days after the relevant ECA Drawdown Date, failing which paragraph (a) of the definition of Mandatory Prepayment Event shall forthwith apply.

Schedule 11
Transfer Certificate

To: [Security Trustee]

Transfer Certificate - Airbus [ ] Aircraft msn [ ] (the "Aircraft") - [ECA]/[Mismatch] Loan

This transfer certificate ("**Transfer Certificate**") relates to a Facility Agreement dated [ ] April 2003 between (1) the banks and financial institutions referred to therein as ECA Lenders; (2) the banks and financial institutions referred to therein as the Mismatch Lenders; (3) Crédit Lyonnais and (4) Kreditanstalt für Wiederaufbau as the National Agents; (5) Kreditanstalt für Wiederaufbau as the German Parallel Lender; (6) Crédit Lyonnais as the ECA Agent, (7) Crédit Lyonnais as the Mismatch Agent; (8) Crédit Lyonnais as the Security Trustee; (9) Sunrise Leasing Limited as Principal Borrower; (10) Sundance Leasing Limited as First Aircraft Borrower; (11) Sunglow Leasing Limited as Second Aircraft Borrower; (12) Sunray Leasing Limited as Third Aircraft Borrower; (13) Sunshine Leasing Limited as Fourth Aircraft Borrower; (14) Sunflower Aircraft Leasing Limited as Principal Irish Lessee; (15) debis Aircraft Leasing XXX B.V. as Principal Dutch Lessee and (16) debis AirFinance B.V. (the "**Agreement**" which term shall include any amendments or supplements thereto).

Terms defined or incorporated by reference in the Agreement shall, unless otherwise defined, have the same meanings when used in this Transfer Certificate.

1 [*Details of the Transferor*] (the "**Transferor**"):

(a) confirms that the details in Part 1 of the schedule to this Transfer Certificate in respect of the Aircraft are accurate;

(b) requests [*Details of Transferee*] (the "**Transferee**") to accept and procure, in accordance with clause 34.3 of the Agreement, the substitution of the Transferor by the Transferee in respect of the amounts and percentages in respect of the Aircraft specified in Part 2 of the schedule hereto by signing this Transfer Certificate.

2 The Transferee hereby requests each of the Obligors and each of the Finance Parties to accept this executed Transfer Certificate as being delivered under and for the purposes of clause 34.3 of the Agreement so as to take effect in accordance with the terms thereof on the transfer date specified in Part 3 of the schedule hereto or such later date as may be determined in accordance with the terms thereof.

3 The Transferee:

(a) represents that it has received a copy of the Agreement and each relevant Loan Agreement together with such other documents and information as it has requested in connection with this transaction;

(b) represents that it has not relied and will not rely on the Transferor or any of the other Finance Parties to check or enquire on its behalf into the legality, validity, effectiveness, adequacy, accuracy or completeness of any such documents or information;

(c) agrees that it has not relied and will not rely on the Transferor or any of the other Finance Parties to assess or keep under review on its behalf the financial condition, creditworthiness, condition, affairs, status or nature of any party to any of the Transaction Documents or the legality, validity, priority, adequacy, effectiveness or enforceability of any of the Transaction Documents; and

(d) agrees that it will be bound by the provisions of the Agreement and the other Transaction Documents and will perform in accordance with the terms of the Agreement and the other Transaction Documents the obligations which by their terms are required to be performed by a [British Lender][French Lender][German Lender][ECA Lender][Mismatch Lender] for the Aircraft.

4 With effect from the transfer date specified in Part 3 of the schedule hereto, the parties to the Agreement (including in particular but without limitation the Transferee) agree that, in relation to the Aircraft and to the extent of the amounts and percentages in respect of the Aircraft specified in Part 2 of the schedule hereto, the rights, benefits and obligations of the Transferor shall be transferred by way of novation to the Transferee in accordance with clause 34.3 of the Agreement.

5 The Transferee confirms that its Lending Office and address for notices for the purposes of the Agreement are as set out in Part 4 of the schedule hereto.

6 The Transferor agrees that nothing herein or in any Transaction Document shall oblige the Transferee to (i) accept a re-transfer from the Transferee of the whole or any part of its rights, benefits and/or obligations transferred pursuant hereto or (ii) support any losses directly or indirectly sustained or incurred by the Transferee for any reason whatsoever including, without limitation, the non-performance by any other party to the Transaction Documents of its obligations under any Transaction Document. The Transferee hereby acknowledges the absence of any such obligation as is referred to in (i) or (ii) above.

7 This Transfer Certificate shall be governed by and construed in accordance with English law.

[*Transferee*]
By: _____

[*Transferor*]
By: _____

The Security Trustee on behalf of itself and all other parties to the Agreement (other than the Transferor).

By: _____

Dated:[ ]

SCHEDULE

Part 1

[Transferor's [ECA]/[Mismatch] Commitment for the Aircraft	$[ ]
Transferor's [ECA]/[Mismatch] Portion for the Aircraft	[ ]%
Transferor's [ECA]/[Mismatch] Contribution for the [ECA]/[Mismatch] Loan for the Aircraft	$[ ]]

Part 2

[Amount of Transferor's [ECA]/[Mismatch] Commitment for the Aircraft to be transferred to Transferee	$[ ]
Amount of Transferor's [ECA]/[Mismatch] Portion for the Aircraft to be transferred to Transferee	[ ]%
Amount of Transferor's [ECA]/[Mismatch] Contribution for the [ECA]/[Mismatch] Loan for the Aircraft to be transferred to Transferee	$[ ]]

Part 3

Transfer date	[ ]

Part 4

Lending Office of Transferee:	Notice details:
[ ]	[ ]

Schedule 12
English Law Mortgage Letter

To: Norton Rose
Washington Plaza
42, rue Washington
75408 Paris Cedex 08
France

and: Crédit Lyonnais
1, rue des Italiens
75009 Paris
France

[ ]

Dear Sirs

Financing of one Airbus [ ] Aircraft msn [ ] (the "Aircraft")

We refer to the Facility Agreement relating to the Aircraft dated [ ] April 2003 between, inter alia, [*Borrower*] (the "**Relevant Borrower**"), [*Lessee*] (the "**Relevant Lessee**") and Crédit Lyonnais as Security Trustee (the "**Facility Agreement**").

In this letter, unless otherwise defined herein, words and expressions defined in the Facility Agreement (whether expressly or by reference to another document) shall bear the same respective meanings when used herein.

In order to secure the Borrowers' obligations under the Transaction Documents, the Relevant Borrower has agreed to grant in favour of Crédit Lyonnais in its capacity as Security Trustee for and on behalf of the Secured Parties an English Law Mortgage over the Aircraft (the "**English Law Mortgage**").

The Relevant Borrower hereby irrevocably authorises Norton Rose to date and deliver the English Law Mortgage as a deed as from the

time that the Relevant Lessee notifies Norton Rose, pursuant to the following paragraph, that the English Law Mortgage should be so dated and delivered.

The Relevant Lessee hereby undertakes to Crédit Lyonnais in its capacity as Security Trustee to procure that the Aircraft enters England or English airspace or another location the laws of which in all respects recognise the English Law Mortgage as creating a first priority English law mortgage over the Aircraft whilst the Aircraft is located in that jurisdiction no later than the date falling sixty (60) days after [the Delivery Date for the Aircraft]/[the time at which the Mortgage over the Aircraft ceases to be registered on the register of mortgages maintained by the aviation auhority in the State of Registration for the Aircraft] and to notify each of Crédit Lyonnais and Norton Rose in writing promptly thereupon.

This letter is to be treated as a Transaction Document for the purposes of the Facility Agreement and the other Transaction Documents.

This letter shall be governed by, and construed in accordance with, English law.

duly authorised, for and on behalf of ***[Relevant Borrower]***	duly authorised, for and on behalf of ***[Relevant Lessee]***

EXECUTION PAGES

THE SECURITY TRUSTEE
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its Paris head office))
by)
its duly authorised attorney-in-fact)
in the presence of)

THE ECA AGENT
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its Paris head office))
by)
its duly authorised attorney-in-fact)
in the presence of)

THE MISMATCH AGENT

EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its Paris head office))
by)
its duly authorised attorney-in-fact)
in the presence of)

THE NATIONAL AGENTS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its London branch))
by)
its duly authorised attorney-in-fact)
in the presence of)

EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its Paris head office))
by)
its duly authorised attorney-in-fact)
in the presence of)

EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
KREDITANSTALT FÜRWIEDERAUFBAU)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE FRENCH LENDERS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its Paris head office))
by)
its duly authorised attorney-in-fact)
in the presence of)

THE BRITISH LENDERS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its London branch))
by)
its duly authorised attorney-in-fact)
in the presence of)

THE GERMAN LENDERS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
KREDITANSTALT FÜRWIEDERAUFBAU)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE MISMATCH LENDERS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
CRÉDIT LYONNAIS)
(acting through its London branch))
by)
its duly authorised attorney-in-fact)
in the presence of)

DEBIS
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
DEBIS AIRFINANCE B.V.)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE PRINCIPAL BORROWER
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
SUNRISE LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE FIRST AIRCRAFT BORROWER
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
SUNDANCE LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE SECOND AIRCRAFT BORROWER
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
SUNRAY LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE THIRD AIRCRAFT BORROWER
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
SUNSHINE LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE FOURTH AIRCRAFT BORROWER
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
SUNGLOW LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE PRINCIPAL DUTCH LESSEE
EXECUTED as a **DEED** and **DELIVERED**)
for and on behalf of)
DEBIS AIRCRAFT LEASING XXX B.V.)
by)
its duly authorised attorney-in-fact)
in the presence of)

THE PRINCIPAL IRISH LESSEE
SIGNED, SEALED and **DELIVERED**)
as a **DEED**)
for and on behalf of)
SUNFLOWER AIRCRAFT LEASING LIMITED)
by)
its duly authorised attorney-in-fact)
in the presence of)

Exhibit 10.11

Dated _____ _____ 2006

AERCAP DUTCH AIRCRAFT LEASING I B.V.
as Borrower

CALYON
as Senior Arranger and Senior Agent

CALYON
as Collateral Trustee

CERTAIN FINANCIAL INSTITUTIONS
as Senior Lenders

SENIOR LOAN FACILITY AGREEMENT

with respect to a US$[•] Senior secured loan facility

FRESHFIELDS BRUCKHAUS DERINGER

CONTENTS

THIS AGREEMENT is dated [_____ _____] and made between:

(1) **AERCAP DUTCH AIRCRAFT LEASING I B.V.** a company incorporated under the laws of The Netherlands and having its registered office at Evert van de Beekstraat 312, 1118 CX Schiphol, the Netherlands (***Borrower***);

(2) **CALYON**, a societe anonyme organised under the laws of France (***Senior Arranger***) and in its capacity as senior agent (***Senior Agent***);

(3) **CALYON**, in its capacity as collateral trustee (***Collateral Trustee***); and

(4) **THE FINANCIAL INSTITUTIONS** listed in Schedule 2 as lenders (***Original Lenders***).

IT IS AGREED as follows:

1. DEFINITIONS AND INTERPRETATION

Unless otherwise defined in this Agreement or the context otherwise requires, words and expressions used in this Agreement have the meanings and constructions ascribed to them in the Master Definitions Schedule set out in [Appendix A] of the deed or proceeds and priorities which is dated on or about the date of this Agreement and made between, *inter alios*, the parties hereto (as amended, varied and supplemented from time to time in accordance with its terms, the ***DPP***).

2. THE SENIOR FACILITY

The Senior Facility

2.1 (a) Subject to the terms of this Agreement, the Senior Lenders make available to the Borrower a Dollar loan facility in an aggregate amount equal to the Total Commitments during the Availability Period.

(b) The Senior Facility shall be utilised by way of up to 25 Senior Allocated Loans, one in respect of each Eligible Aircraft, as set out in Schedule 9;

The Availability Period

2.2 If, on 30 December 2006, one or more Eligible Aircraft remain to be financed hereunder, the Availability Period shall be extended to 28 February 2007 (the ***Extension***) provided that:

(a) on 30 December 2006 the Borrower draws any remaining undrawn amount under the Junior Loan Agreement and places such amount in a pre-funding account charged in favour of the Collateral Trustee; and

(b) the Extension shall apply to a maximum of seven Eligible Aircraft only.

3. PURPOSE

Purpose

3.1 (a) The Borrower shall apply the full amount of each Senior Allocated Loan solely towards the financing of the Purchase Price or the refinancing of the Purchase Price in respect of the Eligible Aircraft to which the Senior Allocated Loan relates.

(b) The Borrower shall not apply any amount borrowed of any Senior Allocated Loan towards the financing of the Purchase Price in respect of any Eligible Aircraft other than the Eligible Aircraft to which that Senior Allocated Loan relates or for any other purpose except the purpose referred to in clause 3.1(a).

Monitoring

3.2 No Senior Finance Party is bound to monitor or verify the application of any amount borrowed pursuant to this Agreement.

4. CONDITIONS OF UTILISATION

Conditions Precedent

4.1 The Borrower shall not deliver any Utilisation Request unless all of the Conditions Precedent to Signing are satisfied on the date hereof in form and substance satisfactory to the Senior Agent or waived in writing by the Senior Agent. The Senior Agent shall notify the Borrower and the Senior Lenders promptly upon being so satisfied or if such Conditions Precedent to Signing are waived by the Senior Agent.

Further Conditions Precedent

4.2 Subject to clauses 4.1 and 4.3, the Senior Lenders will only be obliged to comply with clause 5.7 if on the date of the relevant Utilisation Request and on the proposed Utilisation Date:

(a) no Relevant Event or Termination Event has occurred or is continuing or would result from the proposed Senior Allocated Loan; and

(b) all representations made by the Borrower pursuant to the terms of this Agreement are true in all material respects.

Conditions Precedent to Aircraft Delivery

4.3 The Senior Lenders will further only be obliged to comply with clause 5.7 if on a Utilisation Date all of the Conditions Precedent to Aircraft Delivery are satisfied or waived in writing by the Senior Agent.

5. UTILISATION

Delivery of a Utilisation Request

5.1 The Borrower may utilise a Senior Allocated Loan by delivering to the Senior Agent a duly completed Utilisation Request for such Senior Allocated Loan not later than 3 Business Days prior to the proposed Utilisation Date.

Completion of a Utilisation Request

5.2 (a) Each Utilisation Request is irrevocable and will not be regarded as having been duly completed unless:

(i) if it is the first Utilisation Request, the proposed Utilisation Date falls prior to 30 September 2006;

(ii) it identifies the Eligible Aircraft to which that Senior Allocated Loan relates;

(iii) the proposed Utilisation Date is a Business Day within the Availability Period that corresponds to the Delivery Date of the Eligible Aircraft; and

(iv) the currency and amount of the Senior Allocated Loan comply with clauses 5.3, 5.4, 5.5 and 5.6.

(b) Only one Senior Allocated Loan may be requested in each Utilisation Request.

Currency and amount

5.3 The currency of each Senior Allocated Loan is Dollars.

5.4 The amount of any proposed Senior Allocated Loan must not be more than the lesser of (a) the Available Senior Facility Commitment and (b) the Notional Senior Allocated Loan Amount for the related Eligible Aircraft, as adjusted pursuant to the provisions of clause 5.5 and, if applicable, clause 5.6.

5.5 Upon receipt of a Utilisation Request, the Senior Agent shall adjust the Notional Senior Allocated Loan Amount for the related Eligible Aircraft so as to ensure that such Notional Senior Allocated Loan Amount is equal to the lesser of:

(a) an amount equal to 90% of the Purchase Price for such Eligible Aircraft; and

(b) an amount equal to the Notional Senior Allocated Loan Amount for such Eligible Aircraft multiplied by the percentage appearing in the column in the table set out in Schedule 10 to the Senior Loan Agreement for the month during which the Utilisation Date is to occur and which is opposite the period in column 1 of such table during which the Utilisation Date is to occur.

5.6 (a) In respect of the final Eligible Aircraft to be financed under the Senior Facility, the Notional Senior Allocation Loan Amount for that Eligible Aircraft shall, following adjustment pursuant to clause 5.5, be further adjusted if any of the Assumptions would be incorrect as at the Utilisation Date in respect of any Eligible Aircraft.

(b) Any adjustment contemplated in paragraph (a) above shall be made using [the sensitivity analysis agreed between the Senior Agent and the Borrower] [***to be discussed***]

The Senior Lenders' participation

5.7 If the conditions set out in this Agreement have been met, each Senior Lender shall make its participation in each Senior Allocated Loan available by the Utilisation Date through its Facility Office.

5.8 The amount of each Senior Lender's participation in each Senior Allocated Loan will be equal to the proportion borne by its Available Senior Commitment to the Available Senior Facility Commitment immediately prior to making that Senior Allocated Loan.

5.9 The Senior Agent shall notify each Senior Lender of the amount of each Senior Allocated Loan and the amount of its participation in that Senior Allocated Loan, in each case by the Specified Time.

Delay in drawdown

5.10 If, after delivery to the Senior Agent of a duly completed Utilisation Request in respect of a Senior Allocated Loan, the Borrower notifies the Senior Agent in writing that such Senior Allocated Loan will not be drawndown on the proposed Utilisation Date (a ***Delay in Drawdown***) then:

(a) the Borrower shall as soon as possible, but in any event no later than the proposed Utilisation Date, notify the Senior Agent of the date when the Senior Allocated loan will be drawndown, provided that such date shall not be more than 15 Business Days after the proposed Utilisation Date;

(b) the Senior Agent shall, subject to receiving sufficient notice of the Delay in Drawdown as provided in clause (a) above, invest the amount of such Senior Allocated Loan in an interest bearing account for the period of the Delay in Drawdown as notified by the Borrower in paragraph (a) above; and

(c) the Borrower shall pay all funding costs and Break Costs (less Break Gains) in relation to the delay in drawdown including without limitation interest and other expenses in respect of such delay.

5.11 If the provisions of clause 5.10 (a) and (c) are satisfied and the Delay in Drawdown is for a period no longer than 15 Business Days no further Utilisation Request shall be required in respect of the relevant Senior Allocated Loan. If the Delay in Drawdown is for a period of longer than 15 Business Days the Senior Agent may require the Borrower to issue a further Utilisation Request in respect of the relevant Senior Allocated Loan.

5.12 Only one Delay in Drawdown shall be permitted in respect of each Senior Allocated Loan.

6. REPAYMENT

Minimum Senior Principal Amount

6.1 The Borrower shall repay the Senior Loan by instalments payable on each Repayment Date. The amount of each instalment shall be equal to the Minimum Senior Principal Amount calculated as follows for each Repayment Date:

X	=	The difference, if positive, between SL and FMSPT.

Where

X	=	Minimum Senior Principal Amount for the relevant Repayment Date;
SL	=	The outstanding principal amount of the Senior Loan immediately prior to the payment to be made on the relevant Repayment Date;
FMSPT	=	The aggregate of the Final Minimum Senior Principal Targets for all Financed Aircraft for the relevant Repayment Date.

6.2 To the extent of available funds and subject to the priority of payments set out in clause 6.1 or 6.2 (*Application of Net Available Collections*) as applicable, of the DPP, the Borrower will make additional principal payments under the Senior Loan in amounts equal to amounts applied pursuant to clause 6.1(l) or 6.2(h), as applicable, of the DPP.

Balloon Repayment

6.3 On the Maturity Date, the Borrower shall be obliged to repay in full the principal amount outstanding under the Senior Loan.

Calculation of Final Minimum Senior Principal Amounts

6.4 (a) On the Closing Date and each Utilisation Date thereafter, the Senior Agent shall prepare a schedule comprising the Repayment Dates and the Final Minimum Senior Principal Amounts for each Financed Aircraft and for each Repayment Date. Such schedule (a ***Final Minimum Senior Principal Schedule***) shall be prepared by multiplying (i) each amount in the column relating to the Eligible Aircraft to be financed on the Closing Date or such Utilisation Date, as the case may be, in the Allocated Loans Table by (ii) the percentages appearing in the column, in the table set out in Schedule 10 to the Senior Loan Agreement, for the month during which the Closing Date or such Utilisation Date, as the case may be, occurs.

(b) For the avoidance of doubt, once the Final Minimum Senior Principal Amounts have been calculated for a Financed Aircraft, such amounts shall not be recalculated when the Senior Agent prepares a new Final Minimum Senior Principal Schedule to take

account of any Financed Aircraft in respect of which the Final Minimum Senior Principal Amount is subsequently calculated, unless clause 6.5 applies.

(c) Upon preparation of a Final Minimum Senior Principal Schedule, the Senior Agent and the Borrower shall sign a Senior Loan Supplement (to which such Final Minimum Senior Principal Schedule shall be appended) and any previous Final Minimum Senior Principal Schedule shall be superceded by the Final Minimum Senior Principal Schedule appended to such Senior Loan Supplement.

6.5 If, in respect of the final Eligible Aircraft to be financed under the Senior Facility, any of the Assumptions prove to be incorrect as at the relevant Utilisation Date, then the Senior Agent shall prepare a new Final Minimum Senior Principal Schedule as contemplated in Clause 6.4, but the Final Minimum Senior Principal Amounts for each Financed Aircraft shall be adjusted using [the sensitivity analysis agreed between the Senior Agent and the Borrower] [***to be discussed***]

No Re-borrowing

6.6 The Borrower may not re-borrow any part of the Senior Loan which is repaid or prepaid.

Allocation of payments

6.7 Any payment of principal made by the Borrower pursuant to clauses 6.1, 6.2 or 6.3 shall be applied pro rata against the principal amount outstanding under each Senior Allocated Loan.

7. PREPAYMENT AND CANCELLATION

Illegality affecting Senior Lender

7.1 If it becomes unlawful or contrary to any applicable law in any jurisdiction for a Senior Lender to perform any of its obligations as contemplated by this Agreement or to fund or maintain its participation in the Senior Loan or any Senior Allocated Loan:

(a) that Senior Lender shall promptly notify the Senior Agent upon becoming aware of that event;

(b) if, at that time, the relevant Senior Allocated Loan has not been made the Senior Commitment of that Senior Lender will be immediately cancelled; and

(c) the Borrower shall repay that Senior Lender's participation in the Senior Loan on the last day of the Interest Period occurring after the Senior Agent gives notice to the Borrower pursuant to paragraph (a).

Illegality affecting Borrower

7.2 If it becomes unlawful or contrary to any applicable law in any jurisdiction for the Borrower to perform any of its obligations under this Agreement or any Operative Document, or this Agreement or any Operative Document becomes wholly or partially invalid or unenforceable:

(a) the Borrower shall notify the Senior Agent without delay upon becoming aware of that event or the Senior Agent shall without delay notify the Borrower and the Senior Lenders upon becoming aware of that event; and

(b) the Borrower shall (subject to clause 15.1 (*Mitigation*) repay the Senior Loan in full within 5 Business Days of the giving of the notice pursuant to paragraph (a).

Mandatory Prepayment

7.3 If a Mandatory Prepayment Event occurs, then on the Repayment Date immediately following the date on which the Borrower receives any Applicable Proceeds, the Borrower shall prepay the full outstanding principal amount of the Allocated Senior Loan related to the Financed Aircraft in respect of which the Mandatory Prepayment Event has occurred. All such Applicable Proceeds shall be applied by the Collateral Trustee in accordance with clause 9 the DPP.

7.4 To the extent that, following the occurrence of a Mandatory Prepayment Event and the application of the Applicable Proceeds in accordance with clause 7.3, the Senior Agent receives an amount (a ***Surplus Senior Loan Amount***) pursuant to paragraph (e) of Clause 9 of the DPP, an amount of the Senior Loan equal to the Surplus Senior Loan Amount shall become immediately

due and payable, whereupon the Senior Agent shall apply the Surplus Senior Loan Amount to repay the amount of the Senior Loan which has so become due and payable.

Sale of Aircraft Pursuant to a Put Agreement

7.5 If the Borrower sells a Financed Aircraft in accordance with the provisions of a Put Agreement, then on the Repayment Date which is the relevant Put Option Date, the Borrower shall repay the full outstanding principal amount of the Allocated Senior Loan related to the Financed Aircraft in respect of which the provisions of the relevant Put Agreement have been exercised. All such Put Proceeds shall be applied by the Collateral Trustee in accordance with clause 10 of the DPP.

Voluntary prepayment of Senior Loan

7.6 (a) Subject to clause 7.5(b), the Borrower may, if it gives the Senior Agent not less than five (5) Business Days' prior notice (or such shorter period as the Senior Agent acting reasonably may agree), prepay on any Repayment Date the whole or any part of the Senior Loan (but, if in part, being an amount that reduces the Senior Loan by an integral multiple of US$[•]).

(b) The Borrower shall repay in full the amount outstanding under the Liquidity Facility prior to the prepayment of any part of the Senior Loan pursuant to clause 7.5(a).

(c) Any prepayment under clause 7.6(a) shall be applied pro rata against the principal amount outstanding under each Senior Allocated Loan.

Right of repayment and cancellation in relation to a single Senior Lender

7.7 (a) If:

(i) any sum payable to any Senior Lender by the Borrower is required to be increased under paragraph (c) of clause 12.1 (*Tax gross-up*); or

(ii) any Senior Lender claims indemnification from the Borrower under clause 12.2 (*Tax indemnity*) or clause 13 (*Increased costs*)*;*

the Borrower may, whilst (in the case of paragraphs (i) and (ii) above) the circumstance giving rise to the requirement or indemnification continues give the Senior Agent notice of cancellation of the Commitment of that Senior Lender and its intention to procure the prepayment of that Senior Lender's participation in the Senior Loan.

(b) On receipt of a notice referred to in paragraph (a), the Commitment of that Senior Lender shall immediately be reduced to zero.

(c) On the last day of each Interest Period which ends after the Borrower has given notice under paragraph (a) (or, if earlier, the date specified by the Borrower in that notice), the Borrower shall prepay that Senior Lender's participation in the Senior Loan.

Restrictions

7.8 (a) Any notice of cancellation or prepayment given by the Borrower under this clause 7 shall be irrevocable and, unless a contrary indication appears in this Agreement, shall specify the date or dates upon which the relevant cancellation or prepayment is to be made and the amount of that cancellation or prepayment.

(b) Any prepayment under this Agreement shall be made together with accrued interest on the amount prepaid, any Break Costs (and less Break Gains, if any), and, if applicable, any Prepayment Fee payable pursuant to clause 10.2.

(c) The Borrower may not reborrow any part of the Senior Facility which is prepaid.

(d) The Borrower shall not repay or prepay all or any part of the Senior Loan or cancel all or any part of the Commitments except at the times and in the manner expressly provided for in this Agreement.

(e) No amount of the Total Commitments cancelled under this Agreement may be subsequently reinstated.

(f) If the Senior Agent receives a notice under this clause 7 it shall promptly forward a copy of that notice to either the Borrower or the affected Senior Lender, as appropriate.

Special Repayments

7.9 If after the Delivery Date in respect of a Financed Aircraft, the Borrower receives any Special Proceeds in respect of that Financed Aircraft, the Borrower shall on the Repayment Date immediately following the date on which the Borrower receives any Special Proceeds, pay to the Collections Account for allocation by the Collateral Trustee pursuant to clause 9.2 (*Application of Special Proceeds*) of the DPP a sum calculated as the product of:

(a) the ratio between the Allocated Senior Loan in respect of the Financed Aircraft and the Purchase Price in respect of that Financed Aircraft; multiplied by

(b) the amount of Special Proceeds received.

7.10 If the Borrower has not purchased all of the Eligible Aircraft by the end of the Availability Period[1], the Borrower shall on the expiry of the Availability Period pay to the Collections Account for allocation by the Collateral Trustee pursuant to clause 9.2 (*Application of Special Proceeds*) of the DPP a sum calculated as follows:

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1 Note that there is no need to refer to the extension period here as it is incorporated into the definition of the Availability Period, if applicable.

(i) 10 per cent., if the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period is less than or equal to 13 years; or

(ii) if the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period exceeds 13 years, the lower of:

(A) 10 per cent., plus 1 per cent. for each incremental month of age over 13 years of the weighted average age of the Financed Aircraft acquired by the Borrower as at the expiry of the Availability Period; and

(B) 25 per cent.

in each case, of the aggregate Notional Allocated Senior Loan Amount in respect of each Eligible Aircraft which has not been purchased by the Borrower during the Availability Period.

Application of Special Repayments

7.11 Any payment made by the Borrower pursuant to clause 7.9 or 7.10 shall be applied pro rata against the principal amount outstanding under each Senior Allocated Loan.

8. INTEREST

Calculation of interest

8.1 The rate of interest on the Senior Loan for each Interest Period is the percentage rate per annum which is the aggregate of the applicable:

(a) Senior Margin; and

(b) LIBOR;

calculated on the basis of a year of 360 days and the actual number of days elapsed in each Interest Period.

Payment of interest

8.2 The Borrower shall pay accrued interest on the Senior Loan on each Repayment Date.

Default interest

8.3 If the Borrower fails to pay any amount payable by it under an Operative Document on its due date interest at the Senior Default Rate shall accrue on the overdue amount from the due date until the date of actual payment (both before and after judgment).

8.4 Default interest (if unpaid) arising on an overdue amount will be compounded with the overdue amount at the end of each Interest Period applicable to that overdue amount but will remain immediately due and payable.

Notification of rates of interest

8.5 The Senior Agent shall promptly notify the Senior Lenders and the Borrower of the determination of a rate of interest under this Agreement.

9. INTEREST PERIODS

9.1 The first Interest Period for a Senior Allocated Loan shall start on its Utilisation Date and end on the immediately succeeding Repayment Date. Each subsequent Interest Period shall start

on the last day of its preceding Interest Period and end on the immediately succeeding Repayment Date.

9.2 An Interest Period shall not extend beyond the Maturity Date.

10. FEES

Commitment Fee

10.1 (a) The Borrower shall pay to the Senior Agent (for the account of the Senior Lenders each in the proportion which its unutilised Commitment bears to the unutilised Total Commitments) a fee in Dollars computed at the rate of 0.375% per annum on an amount equal to the daily average unutilised Total Commitments calculated with reference to the period from and including the date of this Agreement to the Utilisation Date in respect of the last Eligible Aircraft to be financed herewith.

(b) The accrued commitment fee is payable on each Repayment Date in the Availability Period and, if the unutilised Senior Facility is cancelled in full, on the date the cancellation is effective.

Prepayment Fee

10.2 If the Borrower prepays any amount of the Senior Loan in accordance with clause 7.6 the Borrower shall pay to the Senior Agent (for the account of the Senior Lenders each in the proportion which its unutilised Commitment bears to the unutilised Total Commitments) a fee in Dollars computed at the rate of:

(a) 0.5 per cent. (if the Prepayment Date occurs prior to the first anniversary of the Closing Date); or

(b) 0.25 per cent. (if the Prepayment Date occurs on or after the first anniversary of the first Closing Date and prior to the second anniversary of the Closing Date),

in each case, of the amount so prepaid.

10.3 No prepayment fee shall be payable in respect of:

(a) any amount prepaid in accordance with clause 7.5 after the second anniversary of the Closing Date; or

(b) the sale of any Financed Aircraft in accordance with the terms of this Agreement and the DPP.

Agency Fee

10.4 The Borrower shall pay to the Senior Agent (for its own account) certain fees calculated pursuant to the Agency and Collateral Trustee Fee Letter at the times, in the amounts and in the manner set out in the Agency and Collateral Trustee Fee Letter.

Arrangement Fee

10.5 The Borrower shall pay to the Senior Arranger on the Closing Date an arrangement fee as calculated in accordance with the Arrangement Fee Letter.

11. DETERMINATION OF LIBOR, CHANGES TO THE CALCULATION OF INTEREST, BREAK COSTS AND BREAK GAINS

Absence of quotations

11.1 Subject to clause 11.2 (*Market disruption*), if LIBOR is to be determined by reference to the Reference Banks but a Reference Bank does not supply a quotation by the Specified Time on the Quotation Day, the applicable LIBOR shall be determined on the basis of the quotations of the remaining Reference Banks.

Market disruption

11.2 (a) If a Market Disruption Event occurs in relation to the Senior Loan for any Interest Period, then the rate of interest on each Senior Lender's share of the Senior Loan for the Interest Period shall be the rate per annum which is the sum of:

(i) the Senior Margin; and

(ii) the rate notified to the Senior Agent by that Senior Lender as soon as practicable and in any event before interest is

due to be paid in respect of that Interest Period, to be that which expresses as a percentage rate per annum the cost to that Senior Lender of funding its participation in the Senior Loan from whatever source it may reasonably select.

(b) In this Agreement ***Market Disruption Event*** means:

(i) at or about noon on the Quotation Day for the relevant Interest Period the Screen Rate is not available and none or only one of the Reference Banks supplies a rate to the Senior Agent to determine LIBOR for the relevant currency and Interest Period; or

(ii) before close of business in London on the Quotation Day for the relevant Interest Period, the Senior Agent receives notifications from a Senior Lender or Senior Lenders (whose aggregate participations in the Senior Loan exceed [•] per cent of the Senior Loan) that the cost to it or them of obtaining matching deposits in the Relevant Interbank Market would be in excess of LIBOR.

Alternative basis of interest or funding

11.3 (a) If a Market Disruption Event occurs and the Senior Agent or the Borrower so requires, the Senior Agent and the Borrower shall enter into negotiations (for a period of not more than thirty days) with a view to agreeing a substitute basis for determining the rate of interest.

(b) Any alternative basis agreed pursuant to paragraph (a) shall, with the prior consent of all the Senior Lenders and the Borrower, be binding on all Parties.[2]

2 Note that the Borrower has the right to prepay at any time so there is no need to expressly specify that there is a right to repay early in this case.

Break Costs and Break Gains

11.4 The Borrower shall, within 3 Business Days of demand by a Senior Finance Party, pay to that Senior Finance Party its Break Costs attributable to all or any part of the Senior Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Senior Loan or Unpaid Sum (including, without limitation, as a result of any indemnity payment).

11.5 The Senior Agent shall, within 3 Business Days of demand by the Borrower, pay to the Collateral Trustee any Break Gains attributable to all or any part of the Senior Loan or Unpaid Sum being paid by the Borrower on a day other than the last day of an Interest Period for the Senior Loan or Unpaid Sum. All such Break Gains shall be applied by the Collateral Trustee in accordance with the DPP.

11.6 Each Senior Lender shall, as soon as reasonably practicable after a demand by the Senior Agent, provide a certificate confirming the amount of its Break Costs or any Break Gains for any Interest Period in which they accrue.

12. TAX GROSS UP AND INDEMNITIES

Tax gross-up

12.1 (a) The Borrower shall make all payments to be made by it, and shall procure that all payments made on its behalf are made, without any Tax Deduction, unless a Tax Deduction is required by law.

(b) The Borrower shall promptly upon becoming aware that it must make a Tax Deduction (or that there is any change in the rate or the basis of a Tax Deduction) notify the Senior Agent accordingly. Similarly, a Senior Lender shall notify the Senior Agent on becoming so aware in respect of a payment payable to that Senior Lender. If the Senior Agent receives such notification from a Senior Lender it shall notify the Borrower.

(c) If a Tax Deduction is required by law to be made by the Borrower, the amount of the payment due from it shall be increased to an amount which (after making any Tax Deduction) leaves an amount equal to the payment which would have been due if no Tax Deduction had been required.

(d) The Borrower shall not be required to make an increased payment to a Senior Lender under sub-clause (b) above for a Tax Deduction in respect of tax imposed by the Netherlands from a payment of interest on a Loan, if on the date on which the payment falls due:

(i) the relevant Senior Lender is a Treaty Lender and the Borrower is able to demonstrate that the payment could have been made to the Senior Lender without

the Tax Deduction had that Senior Lender complied with its obligations under sub-clause (iii) below.

(ii) If the Borrower is required to make a Tax Deduction, the Borrower shall make that Tax Deduction and any payment required in connection with that Tax Deduction within the time allowed and in the minimum amount required by law.

(iii) Within thirty days of making either a Tax Deduction or any payment required in connection with that Tax Deduction, the Borrower shall deliver to the Senior Agent for the Senior Finance Party entitled to the payment evidence reasonably satisfactory to that Senior Finance Party that the Tax Deduction has been made or (as applicable) any appropriate payment paid to the relevant taxing authority.

(iv) A Treaty Lender and the Borrower which makes a payment to which that Treaty Lender is entitled shall co-operate in completing any procedural formalities necessary for the Borrower to obtain authorisation to make that payment without a Tax Deduction.

Tax indemnity

12.2 (a) The Borrower shall (within 3 Business Days of demand by the Senior Agent) pay to a Protected Party an amount equal to the loss, liability or cost which that Protected Party determines will be or has been (directly or indirectly) suffered for or on account of Tax by that Protected Party in respect of an Operative Document.

(b) Sub-clause (a) above shall not apply:

(i) with respect to any Tax assessed on a Protected Party:

(A) under the law of the jurisdiction in which that Protected Party is incorporated or, if different, the jurisdiction (or jurisdictions) in which that Protected Party is treated as resident for tax purposes; or

(B) under the law of the jurisdiction in which that Protected Party's Facility Office is located in respect of amounts received or receivable in that jurisdiction,

(ii) if that Tax is imposed on or calculated by reference to the net income received or receivable (but not any sum deemed to be received or receivable) by that Protected Party Party; or

(iii) to the extent a loss, liability or cost:

(A) is compensated for by an increased payment under clause 12.1; or

(B) would have been compensated for by an increased payment under clause 12.1 but was not so compensated solely because the exclusions in clause 12.1 (d) applied.

(c) A Protected Party making, or intending to make a claim under paragraph 12.2 above shall promptly notify the Senior Agent of the event which will give, or has given, rise to the claim, following which the Senior Agent shall notify the Borrower.

(d) A Protected Party shall, on receiving a payment from the Borrower under this clause 12, notify the Senior Agent.

Tax Credit

12.3 If the Borrower makes a Tax Payment and the relevant Senior Finance Party determines that:

(a) a Tax Credit is attributable either to an increased payment of which that Tax Payment forms a part, or to that Tax Payment; and

(b) that Senior Finance Party has obtained, utilised and retained that Tax Credit,

the Senior Finance Party shall pay an amount to the Borrower which that Senior Finance Party determines will leave it (after that payment) in the same after-Tax position as it would have been in had the Tax Payment not been required to be made by the Borrower and the circumstances giving rise to it had not arisen.

Stamp taxes

12.4 The Borrower shall pay and, within 3 Business Days of demand, indemnify each Senior Finance Party against any cost, loss or liability that Senior Finance Party incurs in relation to all stamp duty, registration, transfer and other documentary and other similar Taxes payable in respect of any Operative Document.

Value added tax

12.5 All consideration expressed to be payable under an Operative Document by any party to such document shall be deemed to be exclusive of any VAT. If VAT is chargeable on any supply made by any Senior Finance Party to the Borrower in connection with an Operative Document, the Borrower shall pay to the Senior Finance Party (in addition to and at the same time as paying the consideration) an amount equal to the amount of the VAT.

12.6 Where an Operative Document requires the Borrower to reimburse a Senior Finance Party for any costs or expenses, the Borrower shall also at the same time pay and indemnify the Senior Finance Party against all VAT incurred by the Senior Finance Party in respect of the costs or expenses to the extent that the Senior Finance Party reasonably determines that it is not entitled to credit or repayment of the VAT.

13. INCREASED COSTS

Increased costs

13.1 (a) Subject to clause 13.3 the Borrower shall, within 5 Business Days of a demand by the Senior Agent, pay for the account of a Senior Finance Party the amount of any Increased Costs incurred by that Senior Finance Party or any of its affiliates as a result of:

(i) the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation; or

(ii) compliance with any law or regulation,

in each case made, exacted or imposed after the date of this Agreement.

(b) In this Agreement ***Increased Costs*** means:

(i) a reduction in the rate of return from the Facility or on a Senior Finance Party's (or its affiliate's) overall capital;

(ii) an additional or increased cost; or

(iii) a reduction of any amount due and payable under any Operative Document,

which is incurred or suffered by a Senior Finance Party or any of its affiliates to the extent that it is attributable to that Senior Finance Party having entered into its Commitment or funding or performing its obligations under any Operative Document.

Increased cost claims

13.2 (a) A Senior Finance Party intending to make a claim pursuant to clause 13.1 shall notify the Senior Agent of the event giving rise to the claim, following which the Senior Agent shall promptly notify the Borrower.

(b) Each Senior Finance Party shall, as soon as practicable after a demand by the Senior Agent, provide a certificate confirming the amount of its Increased Costs.

Exceptions

13.3 (a) Clause 13.1 does not apply to the extent any Increased Cost is:

(i) attributable to a Tax Deduction required by law to be made by the Borrower;

(ii) compensated for by clause 12.2 (or would have been compensated for under clause 12.2 but was not so compensated solely because any of the exclusions in sub-clause (b) of that clause applied);

(iii) incurred by a Senior Finance Party or any of its Affiliates as a result of complying with any applicable law or regulation after the date hereof in connection with the implementation of any provision of the Basel II Capital Accord; or

(iv) attributable to the wilful breach by the relevant Senior Finance Party or its Affiliates of any law or regulation.

(b) In this clause 13, a reference to a Tax Deduction has the same meaning given to the term in clause 12.

14. OTHER INDEMNITIES

Operational indemnity

14.1 The Borrower agrees to defend, indemnify and hold harmless each of the Senior Finance Parties on demand from and against any and all Losses (regardless of when the same are made or incurred):

(a) which may at any time be suffered or incurred directly or indirectly as a result of or connected with the possession, delivery, performance, transportation, replacement, exchange, removal, pooling, interchange, sub-leasing, wet leasing, chartering, importation, exportation, storage, presence, management, ownership, registration, control, maintenance, condition, service, repair, overhaul, leasing, use, operation or redelivery of any Financed Aircraft (or any part thereof) (either in the air or on the ground) whether or not such Losses may be attributable to any defect in any Financed Aircraft (or any part thereof) or to its design, testing or use or otherwise, and regardless of when the same arises or whether it arises out of or is attributable to any act or omission, negligent or otherwise, of any Senior Finance Party;

(b) which arise out of any act or omission which invalidates or which renders voidable any of the insurances in relation to any Financed Aircraft;

(c) which arise in relation to preventing or attempting to prevent the arrest, confiscation, seizure, taking in execution, impounding, forfeiture or detention of any Financed Aircraft (or any part thereof), or in securing its release; or

(d) which may at any time be suffered or incurred as a consequence of any design, article or material in any Financed Aircraft (or any part thereof) or its operation or use constituting an infringement of patent, copyright, trademark, design or other proprietary right or a breach of any obligation of confidentiality owed to any person in respect of any of the matters referred to in this clause 14.1(d).

but excluding any Loss in relation to a particular Senior Finance Party to the extent that such Loss:

(e) arises solely as a result of the gross negligence or wilful misconduct of such Senior Finance Party; or

(f) constitutes the ordinary and usual operating and overhead expenses of such Senior Finance Party (but excluding any such Loss which is suffered or incurred as a result of or following the occurrence of a Senior Event of Default); or

(g) has been recovered and retained by such indemnitee pursuant to another indemnity provision of this Agreement;

(h) would not have been incurred or suffered, or otherwise would not have arisen, but for any breach by that indemnitee of any of its express representations, warranties or obligations under any Operative Document, or had not failed in the observance and performance of its express obligations under any Operative Document (but excluding any breach in consequence of a failure by any Obligor to perform any of its obligations thereunder);

(i) relates to any loss of anticipated profit or return (including loss of Senior Margin); or

(j) arises as a result of the existence of any Security Interest created by or through that indemnitee.

For purposes of the foregoing provision, ***gross negligence*** means, in relation to a Senior Finance Party, any intentional or conscious action or decision of such Senior Finance Party which is taken with reckless disregard for the consequences of such action or decision.

The indemnities contained in this clause 14.1 will continue in full force after the end of the Security Period.

Currency indemnity

14.2 (a) The Borrower shall, as an independent obligation, within 5 Business Days of demand, indemnify each Senior Finance Party against any cost, loss or liability which that Senior Finance Party incurs as a consequence of:

(i) that Senior Finance Party receiving an amount in respect of the Borrower's liability under the Operative Documents; or

(ii) that liability being converted into a claim, order, judgment or award,

in a currency (the ***new currency***) other than the currency in which the amount is expressed to be payable under the relevant Operative Document, including any cost, loss or liability arising from any difference between exchange rates used to convert that liability to the new currency and exchange rates available to the Senior Finance Party when it receives an amount in respect of that liability.

(b) Unless otherwise required by law, the Borrower waives any right it may have in any jurisdiction to pay any amount under the Operative Documents in a currency or currency unit other than that in which it is expressed to be payable.

Other indemnities

14.3 (a) The Borrower shall within 5 Business Days of demand, indemnify each Senior Finance Party and the Senior Agent against any cost, loss or liability (including, without limitation, Break Costs) incurred by that Senior Finance Party as a result of:

(i) the occurrence of any Senior Event of Default;

(ii) funding, or making arrangements to fund, its participation in a Senior Loan requested by the Borrower in a Utilisation Request but not made by reason of the operation of any one or more of the provisions of this Agreement (other than by reason of default or negligence by that Senior Lender alone); or

(iii) the Senior Loan (or any Allocated Senior Loan) not being prepaid in accordance with a notice of prepayment given by the Borrower.

Indemnity to the Senior Agent

14.4 The Borrower shall promptly indemnify the Senior Agent on demand against any cost, loss or liability incurred by the Senior Agent (acting reasonably) as a result of:

(a) the execution or exercise or bona fide purported execution or exercise of the rights, powers, authorities and duties created or conferred by or pursuant to the Operative Documents or in respect of any action taken or omitted by the Security Agent under the Operative Documents, in each case, in a manner consistent with the rights and interests of the Finance Parties under the Operative Documents, including (without limitation) as a result of investigating any event which it reasonably believes is a Senior Default; or

(b) acting or relying on any notice, request or instruction from an Obligor which it reasonably believes to be genuine, correct and appropriately authorised.[3]

3 Note that these clauses mirror the wording at page 93, paragraph (b), definition of "Expenses" in the German facility.

15. MITIGATION BY THE SENIOR LENDERS

Mitigation

15.1 (a) If the Borrower becomes obliged to make any payment or increased payment, or any cancellation occurs under any of clauses 7.1 (*Illegality affecting Senior Lender*), 7.2 (*Illegallity affecting Borrower)*, 7.3 (*Mandatory Prepayment*), 12.2 (*Tax Gross-up),* 12.3 (*Tax Indemnity*), 12.5 (*Stamp taxes*), 12.6 (*Value Added Tax*), or 12 (*Increased Costs*) then, without in any way limiting, reducing or otherwise qualifying the rights and obligations of the Finance Parties under any provision of the Operative Documents, upon receipt of notice from the Borrower to the effect that such payment or increased payment is required to be made or such cancellation will occur, each Senior Finance Party shall, for a period of [10] Business Days, in consultation with the Borrower, take all reasonable steps to mitigate such circumstances which may arise and which would result in any amount becoming so payable or so cancelled, including (but not limited to) transferring its rights and obligations under the Operative Documents to another Affiliate or Facility Office.

(b) Paragraph 15.1 above shall only apply to the extent that:

(i) such action or delay is not prohibited by law;

(ii) no Senior Default has occurred and is continuing;

(iii) all amounts due and payable pursuant to the Operative Documents have been paid by the Borrower;

(iv) such action or delay does not and would not be reasonably expected to result in the rights and interests of the Senior Finance Parties being materially adversely affected in any way; and

(v) such action or delay does not in any way limit the obligations of any Obligor under the Operative Documents.

Limitation of liability

15.2 The Borrower shall indemnify each Senior Finance Party for all costs and expenses reasonably incurred by that Senior Finance Party as a result of steps taken by it under clause 15.1 (*Mitigation*).

15.3 A Senior Finance Party is not obliged to take any steps under clause 15.1 (*Mitigation*) if, in the opinion of that Senior Finance Party (acting reasonably), to do so might be prejudicial to it.

No double-counting

15.4 No Senior Finance Party shall be entitled, pursuant to the terms of the Agreement or any other Operative Document to recover by way of indemnity any Loss, Tax or expense to the extent that payment in respect of such Loss, Tax or expense has already been received in full and retained without qualification pursuant to any other provision of any Operative Document (including, without limitation, pursuant to any insurance payment pursuant to the Insurances).

16. COSTS AND EXPENSES

Transaction Expenses

16.1 The Borrower shall, promptly after written demand, pay the Senior Agent and the Senior Arranger the amount of all reasonable costs and expenses (including legal and insurance advisory fees) properly incurred by any of them in connection with the negotiation, preparation, printing and execution of:

(a) this Agreement and any other documents referred to in this Agreement; and

(b) any other Operative Documents executed after the date of this Agreement.

Amendment costs

16.2 If:

(a) an Obligor requests an amendment, waiver or consent;

(b) any Financed Aircraft is sold (whether pursuant to a Put Agreement or otherwise in accordance with the Operative Documents); or

(c) any amendment is made to any Lease, whether by way of change of lessee or otherwise;

(d) an amendment is required pursuant to clause 23.8 (*Change of currency*),

the Borrower shall, within 5 Business Days of written demand, reimburse the Senior Agent for the amount of all reasonable costs and expenses (including legal fees) properly incurred by the Senior Agent in responding to, evaluating, negotiating or complying with that request or requirement.

Enforcement costs

16.3 The Borrower shall, within 5 Business Days of written demand, pay to each Senior Finance Party the amount of all costs and expenses (including legal fees) incurred by that Senior Finance Party in connection with the enforcement of, or in contemplation of or in connection with the enforcement or preservation of any rights under, any Operative Document.

17. REPRESENTATIONS AND WARRANTIES

17.1 The Borrower makes the representations and warranties set out in Schedule 7 to each Senior Finance Party at the times specified in Schedule 7 by reference to the facts and circumstances then existing.

17.2 Each Senior Lender represents and warrants, on the date of this Agreement or (in respect of a New Senior Lender) on the date it becomes a Senior Lender in accordance with Clause [20] (*Changes to the Senior Lenders)* (but only to the extent that it is a requirement at that time that a Senior Lender be a PMP and the Borrower at that time is a Dutch Borrower), to the other Finance Parties and the Borrower that it is a PMP.

18. BORROWER UNDERTAKINGS

Borrower's Business

18.1 The Borrower shall (i) not suspend or cease or threaten to suspend or cease to carry on all or a substantial part of its business, (ii) not make any substantial change in the nature of the business in which it is engaged, and (iii) preserve its corporate existence (other than in connection with a solvent reconstruction, the terms of which have been approved by the Senior Lender, such approval not to be unreasonably withheld).

Disposal of Assets

18.2 Save as permitted pursuant to clause [•] of the DPP and the Put Agreement, the Borrower shall not, either in a single transaction or in a series of transactions whether related or not and whether voluntarily or involuntarily, sell, transfer or otherwise dispose of all or a substantial part of its property or assets, or consolidate or merge with any other person (whether by one or a series of transactions, related or not) other than, with the prior written consent of the Senior Agent, pursuant to a solvent reconstruction.

Special Purpose Undertakings

18.3 The Borrower acknowledges to the Senior Finance Parties that it and each of the other Borrower Parties has been originated for the sole purpose of acting as a vehicle for the financing of the Financed Aircraft and the transaction contemplated by the Operative Documents. The Borrower undertakes to the Senior Financing Parties on its own behalf and on behalf of each of the Borrower Parties that at all times throughout the Security Period:

(a) **No Other Activities:** neither it nor any of the Borrower Parties shall undertake any trading or business activities other than the leasing of the Financed Aircraft and directly related activities, the entry by the Borrower Parties into the Borrower Documents and the performance of obligations or actions contemplated or permitted by the Borrower Documents and all maters directly incidental thereto;

(b) **No Other Contracts:** except as expressly permitted by this Agreement, neither it nor any other Borrower Party shall enter into any agreement, instrument or arrangement (whether or not recorded in writing) with any person or otherwise create or incur any liability to any person, other than (i) pursuant to and as permitted by the Operative Documents (including, without limitation the creation of any owner trust structure as expressly contemplated therein) and (ii) such contracts, agreements or liabilities with respect to Taxes, ordinary operating costs and expenses, legal fees and disbursements and overhead expenses as have arisen or may arise in the ordinary course of carrying on its business as referred to in paragraph (a);

(c) **No Acquisition of Other Assets:** (other than any Eligible Aircraft financed pursuant to the Operative Documents) neither it nor any other Borrower Party shall take on lease, purchase or otherwise acquire, or agree to do so, any asset from any person; and

(d) **Loans/Guarantees:** neither it nor any Borrower Party shall make any loans, grant any credit or give any guarantee or indemnity (except as required hereby) to or for the benefit of any person or otherwise voluntarily assume any liability, whether actual or contingent, in respect of any obligation of any other person, except as may be required pursuant to the terms of the Operative Documents or in respect of its activities as lessor in accordance with the express provisions of the Core Lease Provisions;

(e) **Issue of Shares and payment of Dividends:** neither it nor any Borrower Party shall issue any further shares or alter any rights attaching to its issued shares in existence at the date hereof or pay any dividends in respect of any shares;

(f) **Notice of bankruptcy and insolvency proceedings:** it and each other Borrower Party shall, immediately upon becoming aware of the occurrence of any Insolvency Event in relation to any Borrower Party or any other AerCap Entity, provide written notice of such occurrence to the Senior Finance Parties; and

(g) **No Employees:** neither it nor any other Borrower Party shall enter into any contract for service or contract of employment with any contractor, officers, secondees, servants, agents or employees.

Negative Pledge

18.4 The Borrower shall not create or permit to subsist any Security Interest over any of its assets other than the Security Interest created pursuant to the Security Documents.[4]

4 Simmons & Simmons to provide amended draft wording.

Preservation of security

18.5 Save as permitted pursuant to the Operative Documents, the Borrower shall not sell or otherwise dispose of any of its assets or do anything or take any action or knowingly omit to take any action which has or may have the effect of prejudicing the first priority rights granted to the Collateral Trustee under the Operative Documents against a liquidator, receiver, administrator or similar officer or official to all rights, moneys and properties expressed to be mortgaged, assigned, charged or pledged to Collateral Trustee by the Borrower pursuant to the Security Documents.

Duration

18.6 The Borrower shall perform and comply with its undertakings and covenants in the Operative Documents at all times during the Security Period. All such undertakings and covenants shall, except where expressly otherwise stated, be performed at the expense of the Borrower.

Delegation

18.7 The Borrower shall remain liable for all of its obligations and liabilities under the Operative Documents notwithstanding any delegation by the Borrower to another person of any such obligations or liabilities or any reliance by the Borrower on another person to perform or discharge any such obligations or liabilities, whether or not such sub-delegation or reliance is permitted or contemplated by

any Operative Document (provided that to the extent any such obligation or liability is actually performed or discharged by such other person on the Borrower's behalf, such performance or discharge shall constitute performance or discharge of the corresponding obligation or liability of the Borrower).

Hedging Policy

18.8 On the Closing Date, the Borrower will enter into the Initial Swap pursuant to the Hedging Policy and the expected schedule of Delivery Dates. On the expiry of the Availability Period, if not all of the Eligible Aircraft have been financed under the Facility or if the Delivery Date in respect of any Financed Aircraft takes place on a date which is not the estimated Delivery Date for such Financed Aircraft, then the Borrower shall adjust the hedging arrangements to reflect the final amounts of the Loan and the Junior Loan and shall ensure that the adjusted hedging arrangements are based on the fixed rates of interest under the leases applicable on the Delivery Date, as if such adjusted hedging arrangements had been entered into on the Delivery Date and any Break Costs or premium payable by the Borrower in respect of such adjustments to the hedging arrangements shall be paid by the Subordinated Note Holder.[5]

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5 AerCap to provide amended wording.

18.9 In addition to the Initial Swap, the Borrower shall from time to time enter into subsequent interest rate hedging in relation to any re-leased Financed Aircraft, with the Swap Provider or one or more financial institutions reasonably acceptable to the Senior Agent, pursuant to the Hedging Policy.

Reporting

18.10 At six-monthly intervals starting on the day which falls six months after the Closing Date, the Borrower shall provide the Senior Agent with:

(a) a Subsequent Half-Life Appraised Value; and

(b) an Adjusted Subsequent Appraised Value,

of the Financed Aircraft.

18.11 The Borrower will provide the Senior Agent with Quarterly Management Reports within 60 days after the end of each fiscal quarter and within 90 days after the end of its financial year.

Off-Lease Equipment

18.12 The Borrower shall maintain, store and insure any Financed Aircraft that comes off-lease in accordance with the terms of the Servicing Agreement.

Re-leasing

18.13 The Borrower shall ensure that any Lease Agreement or Novation Agreement entered into in respect of any Financed Aircraft will at all times incorporate and be subject to the Core Lease Provisions.

Prohibited Countries

18.14 The Borrower shall not permit any Financed Aircraft to be leased in any Prohibited Country.

Compliance with WTK

18.15 To the extent that the Borrower qualifies as a credit institution (kredietinstelling) under the WTK, the Borrower shall comply with the applicable provisions of the WTK and any implementing regulation, including the Exemption Regulation.

Notice of breach of obligation

18.16 The Borrower shall without delay notify the Senior Agent in writing if it becomes aware that any Senior Event of Default has occurred and is continuing.

19. SENIOR EVENTS OF DEFAULT

Senior Events of Default

19.1 Each of the following events will constitute a Senior Event of Default and a repudiatory breach of this Agreement by the

Borrower:

(a) ***Non-payment***:

(i) The Borrower fails to make:

(A) payment of the Minimum Senior Principal Amount or Interest payable in respect of the Senior Loan; or

(B) any other payment due to the Senior Lenders under this Agreement or any other Operative Document to the extent that the Borrower has received funds sufficient to make such payment,

within 5 Business Days after the due date therefore or in the case of a payment payable on demand, within 5 Business Days of the date of demand; or

(ii) The Borrower fails to make on the Maturity Date:

(A) the repayment due in respect of the Senior Loan, the Junior Loan or the Liquidity Facility;

(B) payment of accrued Commitment Fees or interest due on that date on the Senior Loan and the Junior Loan; or

(C) any other payment due to the Senior Lenders under the Operative Documents;

(b) ***Breach:*** the Borrower fails to comply in any material respect with any obligation under this Agreement or any other Operative Document (other than a payment obligation and the obligations mentioned in all other paragraphs of this clause 19.1) and if such failure is capable of remedy, the Borrower has not remedied that failure within 15 days from the earlier of written notice from the Senior Agent requiring such remedy and 15 days from the date the Borrower becomes aware of the relevant breach; or

(c) ***Representation:*** any representation or warranty made (or deemed to be repeated) by the Borrower in or pursuant to this Agreement, any other Operative Document, or in any document or certificate or statement is or proves to have been incorrect in any material respect when made and, if such representation or warranty can be corrected such correction is not made within thirty (30) days of notice of same; or[6]

(d) ***Approvals:*** any consent, authorisation, licence, certificate or approval of or registration with or declaration to any Government Entity required in connection with this Agreement or any other Operative Document which is material to the ability of the Borrower to perform its obligations under the Operative Documents, including, without limitation any authorisation required by the Borrower to authorise, or required in connection with, the execution, delivery, validity, enforceability or admissibility in evidence of this Agreement or any other Operative Document or the performance by the Borrower of its obligations under this Agreement or any other Operative Document is modified in a manner unacceptable to the Senior Agent (acting reasonably) or is withheld, or is revoked, suspended, cancelled, withdrawn, terminated or not renewed, or otherwise ceases to be in full force (other than where such modification, revocation, suspension, cancellation, termination or withdrawal is in respect of a change in law); or

(e) ***Insolvency:***[7]

(i) the Borrower is, or is deemed for the purposes of any relevant law to be, unable to pay its debts as they fall due or to be insolvent, or admits inability to pay its debts as they fall due; or

(ii) the Borrower suspends making payments on all or any class of its debts or announces an intention to do so, or a moratorium is declared in respect of any of its indebtedness; or

(f) ***Liquidation and Similar Proceedings:***[8]

6 Note that this level of materiality is consistent with the GLL documentation.

7 To be reviewed by counsel in Borrower's jurisdiction.

8 To be reviewed by counsel in Borrower's jurisdiction.

(i) a meeting of the shareholders or directors of the Borrower is convened to consider a resolution to present an application for an administration order or to appoint an administrator (whether out of court or otherwise) or any such resolution is passed; or

(ii) any step (including filing of a petition or affidavit, giving of notice, petition proposal or convening a meeting) is taken by the Borrower with a view to a composition, assignment or arrangement with any creditors of, or the rehabilitation, administration (whether out of court or otherwise) custodianship, liquidation, protection from creditors or dissolution of, the Borrower or any other insolvency proceedings involving the Borrower; or

(iii) any order is made or resolution passed for any such composition, assignment, arrangement, rehabilitation, administration (whether out of court or otherwise) custodianship, liquidation, dissolution or insolvency proceedings, or the Borrower becomes subject to or enters into any of the foregoing; or

(iv) any liquidator, trustee in bankruptcy, judicial custodian, compulsory manager, receiver, administrative receiver, administrator, examiner or similar officer (in each case, whether out of court of otherwise) is appointed in respect of the Borrower, any of their directors or any of their respective assets; or

(v) [any step referred to in sub-clause 19.1(f)(ii) are taken by any person other than the Borrower, provided that no Senior Event of Default shall arise pursuant to this sub-clause 19.1(f)(v) if (A) the proceedings are vexatious and without merit or relate to a disputed sum; (B) the relevant Obligor is otherwise solvent; (C) the Senior Agent is satisfied (acting reasonably) that the Borrower is diligently seeking to discharge such petition; (D) the step does not affect the Senior Agent Security Interests which secured the relevant Obligor's obligations under the Operative Documents, and (E) the action is remedied within 7 days of taking such step; or][9]

(g) ***Receiver:***[10]

(i) an administrative or other receiver or manager or other insolvency officer (in each case, whether out of court or otherwise) is appointed in respect of the Borrower or any part of its assets; or

(ii) the Borrower requests any person to appoint such a receiver or manager (whether out of court or otherwise); or

(h) ***Execution and Enforcement***:[11]

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9 Pending Dutch advice.

10 To be reviewed by counsel in Borrower's jurisdiction.

11 To be amended once negative pledge language relating to security interests is provided.

(i) any other steps are taken to enforce any Security Interest over all or any part of the assets of the Borrower, provided that no Senior Event of Default shall arise pursuant to this sub-clause 19.1(h)(i) if (A) the proceedings are vexatious and without merit or relate to a disputed sum; (B) the Borrower is otherwise solvent; (C) Senior Agent is satisfied that the Borrower is diligently seeking to discharge such petition; (D) the step does not affect the validity or enforceability of and the Security Interests created pursuant to the Operative Documents; and (E) the action is remedied within 7 days of taking such step; or

(ii) any attachment, sequestration, distress or execution affects any assets of the Borrower and is not discharged within 14 days; or

(i) ***Other Jurisdiction:*** there occurs in relation to the Borrower any event in any jurisdiction which corresponds with any of those mentioned in paragraphs (e), (f) or (g) above; or

(j) ***Rights and Remedies:*** the Borrower or any other person claiming by or through the Borrower challenges the existence, validity, enforceability or priority of the rights of any Senior Finance Party under the Security Documents; or

(k) ***Other Default:***

(i) any Junior Event of Default or termination event, however described, occurs under the Junior Loan;

(ii) any breach by the Subordinated Note Holder of the SNH Covenant; or

(iii) failure by the Subordinated Note Holder to purchase any additional Subordinated Note in respect of any Special

Repayment;

(iv) any event of default or failure to comply with any payment obligation by the Put Counterparty under any Put Agreement;

(v) any Servicer Termination Event.[12]

(l) ***Security:*** the Collateral Trustee ceases to hold a first priority perfected security interest in the Collateral (other than the Financed Aircraft) provided that if such failure is not due to an action or omission of the Borrower or the Servicer such failure shall not have been remedied within 30 days after the Borrower receives written notice of same.

Acceleration

19.2 On and at any time after the occurrence of a Senior Event of Default which is continuing the Senior Agent may, and shall if so directed by Majority Lenders, by notice to the Borrower:

(a) cancel the Total Commitments whereupon they shall immediately be cancelled; and/or

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12 To be incorporated into Servicing Agreement. Should incorporate breach of Cash Management obligations.

(b) declare that all or part of the Senior Loans, together with accrued interest, and all other amounts accrued or outstanding under the Operative Documents be immediately due and payable, whereupon they shall become immediately due and payable; and/or

(c) declare that all or part of the Senior Loans be payable on demand, whereupon they shall immediately become payable on demand by the Senior Agent on the instructions of Majority Lenders.

Enforcement of Security

19.3 On and at any time after the occurrence of a Senior Event of Default which is continuing the Controlling Party may direct the Senior Agent or the Collateral Trustee to:

(a) take such steps as the Controlling Party considers necessary or desirable to preserve, protect and enforce the rights of the Senior Finance Parties under the Operative Documents; and/or

(b) take such steps as the Collateral Trustee considers necessary or desirable for the enforcement, protection and preservation of the Security Interests constituted by the Security Documents.

20. CHANGES TO THE SENIOR LENDERS

Assignments and transfers by the Senior Lenders

20.1 Subject to this clause 20, a Senior Lender (the ***Existing Senior Lender***) may:

(a) assign any of its rights; or

(b) transfer by novation any of its rights and obligations,

to another bank or financial institution or to a trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets (the ***New Senior Lender***).

Conditions of assignment or transfer

20.2 (a) An assignment will only be effective on:

(i) receipt by the Senior Agent of written confirmation from a New Senior Lender (in form and substance satisfactory to the Senior Agent) that New Senior Lender will assume the same obligations to the other Senior Finance Parties as it would have been under if it was an Original Lender; and

(ii) performance by the Senior Agent of all necessary know your customer or other similar checks under all applicable laws and regulations in relation to such assignment to a New Senior Lender, the completion of which the Senior Agent shall promptly notify to an Existing Senior Lender and a New Senior Lender.

(b) A transfer will only be effective if the procedure set out in clause 20.5 is complied with.

(c) If:

(i) a Senior Lender assigns or transfers any of its rights or obligations under the Operative Documents or changes its Facility Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to a New Senior Lender or a Senior Lender acting through its new Facility Office under clause 9 or clause 12.6,

then a New Senior Lender or a Senior Lender acting through its new Facility Office is only entitled to receive payment under those clauses to the same extent as an Existing Senior Lender or a Senior Lender acting through its previous Facility Office would have been if the assignment, transfer or change had not occurred.

Assignment or transfer fee

20.3 A New Senior Lender shall, on the date upon which an assignment or transfer takes effect, pay to the Senior Agent (for its own account) a fee of US$2,500.

Limitation of responsibility of the Existing Senior Lenders

20.4 (a) Unless expressly agreed to the contrary, an Existing Senior Lender makes no representation or warranty and assumes no responsibility to a New Senior Lender for:

(i) the legality, validity, effectiveness, adequacy or enforceability of the Operative Documents or any other documents;

(ii) the financial condition of the Borrower;

(iii) the performance and observance by the Borrower of its obligations under the Operative Documents or any other documents; or

(iv) the accuracy of any statements (whether written or oral) made in or in connection with any Operative Document or any other document,

and any representations or warranties implied by law are excluded.

(b) Each New Senior Lender confirms to an Existing Senior Lender and the other Senior Finance Parties that it:

(i) has made (and shall continue to make) its own independent investigation and assessment of the financial condition and affairs of each Obligor and its related entities in connection with its participation in this Agreement and has not relied exclusively on any information provided to it by an Existing Senior Lender in connection with any Operative Document; and

(ii) will continue to make its own independent appraisal of the creditworthiness of each Obligor and its related entities whilst any amount is or may be outstanding under the Operative Documents or any Commitment is in force.

(c) Nothing in any Operative Document obliges an Existing Senior Lender to:

(i) accept a re-transfer from a New Senior Lender of any of the rights and obligations assigned or transferred under this clause 20; or

(ii) support any losses directly or indirectly incurred by a New Senior Lender by reason of the non-performance by the Borrower of its obligations under the Operative Documents or otherwise.

Procedure for transfer

20.5 (a) Subject to the conditions set out in clause 20.2 a transfer is effected in accordance with sub-clause (c) below when the Senior Agent executes an otherwise duly completed Transfer Certificate delivered to it by an Existing Senior Lender and a New Senior Lender. The Senior Agent shall, as soon as reasonably practicable after receipt by it of a duly completed Transfer Certificate appearing on its face to comply with the terms of this Agreement and delivered in accordance with the terms of this Agreement, execute that Transfer Certificate.

(b) The Senior Agent shall only be obliged to execute a Transfer Certificate delivered to it by an Existing Senior Lender and a New Senior Lender once it is satisfied it has complied with all necessary know your customer or other similar checks under all applicable laws and regulations in relation to the transfer to such New Senior Lender.

(c) On the Transfer Date:

(i) to the extent that in the Transfer Certificate an Existing Senior Lender seeks to transfer by novation its rights and obligations under the Operative Documents each Obligor and an Existing Senior Lender shall be released from further obligations towards one another under the Operative Documents and their respective rights against one another under the Operative Documents shall be cancelled (being the ***Discharged Rights and Obligations***);

(ii) each Obligor and New Senior Lender shall assume obligations towards one another and/or acquire rights against one another which differ from the Discharged Rights and Obligations only insofar as the Borrower and the New Senior Lender have assumed and/or acquired the same in place of the Borrower and the Existing Senior Lender;

(iii) the Senior Agent, the Senior Arranger, the New Senior Lender and the other Senior Lenders shall acquire the same rights and assume the same obligations between themselves as they would have acquired and assumed had the New Senior Lender been an Original Lender with the rights and/or obligations acquired or assumed by it as a result of the transfer and to that extent the Senior Agent, the Senior Arranger and the Existing Senior Lender shall each be released from further obligations to each other under the Operative Documents;

(iv) a New Senior Lender shall become a Party as a Senior Lender; and

(v) the New Senior Lender represents to the Borrower that it is a PMP.

Copy of Transfer Certificate to Borrower

20.6 The Senior Agent shall, as soon as reasonably practicable after it has executed a Transfer Certificate, send to the Borrower a copy of that Transfer Certificate.

Disclosure of information

20.7 Any Senior Lender may disclose to any of its Affiliates and any other person:

(a) to (or through) whom that Senior Lender assigns or transfers (or may potentially assign or transfer) all or any of its rights and obligations under this Agreement;

(b) with (or through) whom that Senior Lender enters into (or may potentially enter into) any sub participation in relation to, or any other transaction under which payments are to be made by reference to, this Agreement or the Borrower; or

(c) to whom, and to the extent that, information is required to be disclosed by any applicable law or regulation,

any information about the Borrower, the AerCap Group and the Operative Documents as that Senior Lender shall consider appropriate if, in relation to sub-clause (a) and (b) above, the person to whom the information is to be given has entered into a confidentiality undertaking acceptable to the Senior Agent.

21. ROLE OF THE SENIOR ARRANGER AND THE SENIOR AGENT

Appointment of the Senior Agent

21.1 (a) Each other Senior Finance Party appoints the Senior Agent to act as its agent under and in connection with the Operative Documents.

(b) Each other Senior Finance Party authorises the Senior Agent to exercise the rights, powers, authorities and discretions specifically given to the Senior Agent under or in connection with the Operative Documents together with any other incidental rights, powers, authorities and discretions.

Duties of the Senior Agent

21.2 (a) The Senior Agent shall promptly forward to a Party the original or a copy of any document which is delivered to the Senior Agent for that Party by any other Party.

(b) Except where an Operative Document specifically provides otherwise, the Senior Agent is not obliged to review or check the adequacy, accuracy or completeness of any document it forwards to another Party.

(c) If the Senior Agent receives notice from a Party referring to this Agreement, describing a Senior Default and stating that the circumstance described is a Senior Default, it shall promptly notify the Senior Finance Parties.

(d) If the Senior Agent is aware of the non payment of any principal, interest, commitment fee or other fee payable to a Senior Finance Party (other than the Senior Agent or the

Senior Arranger) under this Agreement it shall promptly notify the other Senior Finance Parties.

(e) The Senior Agent's duties under the Operative Documents are solely mechanical and administrative in nature.

Role of the Senior Arranger

21.3 Except as specifically provided in the Operative Documents, the Senior Arranger has no obligations of any kind to any other Party under or in connection with any Operative Document.

No fiduciary duties

21.4 (a) Nothing in this Agreement constitutes the Senior Agent or the Senior Arranger as a trustee or fiduciary of any other person.

(b) Neither the Senior Agent nor the Senior Arranger shall be bound to account to any Senior Lender for any sum or the profit element of any sum received by it for its own account.

Rights as a Senior Lender

21.5 If it is also a Senior Lender, each of the Senior Arranger, the Liquidity Facility Provider and the Senior Agent has the same rights and powers under this Agreement as any other Senior Lender and may exercise those rights as though it were not also the Senior Agent or the Senior Arranger.

Rights and discretions of the Senior Agent

21.6 (a) The Senior Agent may rely on:

(i) any representation, notice or document believed by it to be genuine, correct and appropriately authorised; and

(ii) any statement made by a director, authorised signatory or employee of any person regarding any matters which may reasonably be assumed to be within his knowledge or within his power to verify.

(b) The Senior Agent may assume (unless it has received notice to the contrary in its capacity as agent for the Senior Lenders) that:

(i) no Senior Default has occurred (unless it has actual knowledge of a Senior Default arising under clause 19.1(a) (*Non payment*)); and

(ii) any right, power, authority or discretion vested in any Party or the Majority Lenders has not been exercised.

(c) The Senior Agent may engage, pay for and rely on the advice or services of any lawyers, accountants, surveyors or other experts.

(d) The Senior Agent may act in relation to the Operative Documents through its personnel and agents.

(e) The Senior Agent may disclose to any other Party any information it reasonably believes it has received as agent under this Agreement.

(f) Notwithstanding any other provision of any Operative Document to the contrary, neither the Senior Agent nor the Senior Arranger is obliged to do or omit to do anything if it would or might in its reasonable opinion constitute a breach of any law or regulation or a breach of a fiduciary duty or duty of confidentiality.

Controlling Party's instructions

21.7 (a) Unless a contrary indication appears in an Operative Document, the Senior Agent shall:

(i) exercise any right, power, authority or discretion vested in it as the Senior Agent in accordance with any instructions given to it by the Controlling Party (or, if so instructed by the Controlling Party, refrain from exercising any right, power, authority or discretion vested in it as the Senior Agent); and

(ii) not be liable for any act (or omission) if it acts (or refrains from taking any action) in accordance with an instruction of the Controlling Party.

(b) Unless a contrary indication appears in an Operative Document, any instructions given by the Controlling Party will be binding on all the Senior Finance Parties.

(c) The Senior Agent may refrain from acting in accordance with the instructions of the Controlling Party (or, if appropriate, the Senior Lenders) until it has received such security as it may require for any cost, loss or liability (together with any associated VAT) which it may incur in complying with the instructions.

(d) In the absence of instructions from the Controlling Party, (or, if appropriate, the Senior Lenders) the Senior Agent may act (or refrain from taking action) as it considers to be in the best interest of the Senior Lenders.

(e) The Senior Agent is not authorised to act on behalf of a Senior Lender (without first obtaining that Senior Lender's consent) in any legal or arbitration proceedings relating to any Operative Document.

Responsibility for documentation

21.8 Neither the Senior Agent nor the Senior Arranger:

(a) is responsible for the adequacy, accuracy and/or completeness of any information (whether oral or written) supplied by the Senior Agent, the Senior Arranger, an Obligor or any other person given in or in connection with any Operative Document; or

(b) is responsible for the legality, validity, effectiveness, adequacy or enforceability of any Operative Document or any other agreement, arrangement or document entered into, made or executed in anticipation of or in connection with any Operative Document.

Exclusion of liability

21.9 (a) Without limiting clause 21.9(b) below, the Senior Agent will not be liable for any action taken by it under or in connection with any Operative Document, unless directly caused by its gross negligence or wilful misconduct.

(b) No Party (other than the Senior Agent) may take any proceedings against any officer, employee or agent of the Senior Agent in respect of any claim it might have against the Senior Agent or in respect of any act or omission of any kind by that officer, employee or agent in relation to any Operative Document and any officer, employee or agent of the Senior Agent may rely on this clause.

(c) The Senior Agent will not be liable for any delay (or any related consequences) in crediting an account with an amount required under the Operative Documents to be paid by the Senior Agent if the Senior Agent has taken all necessary steps as soon as reasonably practicable to comply with the regulations or operating procedures of any recognised clearing or settlement system used by the Senior Agent for that purpose.

Senior Lenders' indemnity to the Senior Agent

21.10 Each Senior Lender shall (in proportion to its share of the Total Commitments or, if the Total Commitments are then zero, to its share of the Total Commitments immediately prior to their reduction to zero) indemnify the Senior Agent, within three Business Days of demand, against any cost, loss or liability incurred by the Senior Agent (otherwise than by reason of the Senior Agent's gross negligence or wilful misconduct) in acting as the Senior Agent under the Operative Documents (unless the Senior Agent has been reimbursed by the Borrower pursuant to an Operative Document).

Resignation of the Senior Agent

21.11 (a) The Senior Agent may resign and appoint one of its Affiliates as successor by giving notice to the other Senior Finance Parties and the Borrower.

(b) Alternatively the Senior Agent may resign by giving notice to the other Senior Finance Parties and the Borrower, in which case the Majority Lenders (after consultation with the Borrower) may appoint a successor the Senior Agent.

(c) If the Majority Lenders have not appointed a successor the Senior Agent in accordance with paragraph (b) within 30 days after notice of resignation was given, the Senior Agent (after consultation with the Borrower) may appoint a successor the Senior Agent.

(d) The retiring the Senior Agent shall, at its own cost, make available to the successor the Senior Agent such documents and records and provide such assistance as the successor the Senior Agent may reasonably request for the purposes of performing its functions as the Senior Agent under the Operative Documents.

(e) The Senior Agent's resignation notice shall only take effect upon the appointment of a successor.

(f) Upon the appointment of a successor, the retiring Senior Agent shall be discharged from any further obligation in respect of the Operative Documents but shall remain

entitled to the benefit of this clause 21. Its successor and each of the other Parties shall have the same rights and obligations amongst themselves as they would have had if such successor had been an original Party.

(g) After consultation with the Borrower, the Majority Lenders may, by notice to the Senior Agent, require it to resign in accordance with paragraph (b). In this event, the Senior Agent shall resign in accordance with paragraph (b).

Confidentiality

21.12 (a) In acting as agent for the Senior Finance Parties, the Senior Agent shall be regarded as acting through its agency division which shall be treated as a separate entity from any other of its divisions or departments.

(b) If information is received by another division or department of the Senior Agent, it may be treated as confidential to that division or department and the Senior Agent shall not be deemed to have notice of it.

Relationship with the Senior Lenders

21.13 (a) The Senior Agent may treat each Senior Lender as a Senior Lender, entitled to payments under this Agreement and acting through its Facility Office unless it has received not less than five Business Days prior notice from that Senior Lender to the contrary in accordance with the terms of this Agreement.

Credit appraisal by the Senior Lenders

21.14 Without affecting the responsibility of any Obligor for information supplied by it or on its behalf in connection with any Operative Document, each Senior Lender confirms to the Senior Agent and the Senior Arranger that it has been, and will continue to be, solely responsible for making its own independent appraisal and investigation of all risks arising under or in connection with any Operative Document including:

(a) the financial condition, status and nature of the Borrower;

(b) the legality, validity, effectiveness, adequacy or enforceability of any Operative Document and any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document;

(c) whether that Senior Lender has recourse, and the nature and extent of that recourse, against any Party or any of its respective assets under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document; and

(d) the adequacy, accuracy and/or completeness of the any information provided by the Senior Agent, any Party or by any other person under or in connection with any Operative Document, the transactions contemplated by the Operative Documents or any other agreement, arrangement or document entered into, made or executed in anticipation of, under or in connection with any Operative Document.

Reference Banks

21.15 If a Reference Bank (or, if a Reference Bank is not a Senior Lender, the Senior Lender of which it is an Affiliate) ceases to be a Senior Lender, the Senior Agent shall (in consultation with the Borrower) appoint another Senior Lender or an Affiliate of a Senior Lender to replace that Reference Bank.

Senior Agent's management time

21.16 Any amount payable to the Senior Agent under clause 14.4 (*Indemnity to the Senior Agent*), clause 16 (*Costs and expenses*) and clause 21.10 (*Senior Lenders' indemnity to the Senior Agent*) shall to the extent a Senior Event of Default has occurred and is continuing or the time or resources expended by the Senior Agent relate to services, matters, actions or events which are, to a material extent, beyond the scope of services which the Senior Agent would reasonably be expected to be remunerated pursuant to the Agency and Collateral Trustee Fee Letter, include the cost of utilising the Senior Agent's management time or other resources, and will be calculated on the basis of such reasonable daily or hourly rates as the Senior Agent may notify to the Borrower and the Beneficiaries, and is in addition to any fee paid or payable to the Senior Agent under clause 10 (*Fees*).

Deduction from amounts payable by the Senior Agent

21.17 If any Party owes an amount to the Senior Agent under the Operative Documents the Senior Agent may, after giving notice to that Party, deduct an amount not exceeding that amount from any payment to that Party which the Senior Agent would otherwise be obliged to make under the Operative Documents and apply the amount deducted in or towards satisfaction of the amount owed. For the purposes of the Operative Documents that Party shall be regarded as having received any amount so deducted.

Calculation of Values

21.18 Prior to or in respect of any sale of a Financed Aircraft (including any sale of any Financed Aircraft pursuant to a Put Agreement), the Senior Agent shall calculate:

(a) the Further Subsequent Half-Life Appraised Values; and

(b) the Further Adjusted Subsequent Appraised Value,

in respect of those Financed Aircraft remaining following such sale in order to allow the Senior Agent to determine whether the Further Adjusted Appraised Value of such Financed Aircraft after such sale would be above, below or equal to the Further Subsequent Half-Life Appraised Value of such Financed Aircraft.

22. CONDUCT OF BUSINESS BY THE SENIOR FINANCE PARTIES

No provision of this Agreement will:

(a) interfere with the right of any Senior Finance Party to arrange its affairs (tax or otherwise) in whatever manner it thinks fit;

(b) oblige any Senior Finance Party to investigate or claim any credit, relief, remission or repayment available to it or the extent, order and manner of any claim; or

(c) oblige any Senior Finance Party to disclose any information relating to its affairs (tax or otherwise) or any computations in respect of Tax.

23. PAYMENT MECHANISMS

Payments to the Senior Agent

23.1 (a) On each date on which the Borrower or a Senior Lender is required to make a payment under an Operative Document, the Borrower or that Senior Lender shall make the same available to the Senior Agent (unless a contrary indication appears in an Operative Document) for value on the due date at the time and in such funds specified by the Senior Agent as being customary at the time for settlement of transactions in the relevant currency in the place of payment.

(b) Payment shall be made to such account in the principal financial centre of the country of that currency with such bank as the

Senior Agent specifies.

Distributions by the Senior Agent

23.2 Each payment received by the Senior Agent under the Operative Documents for another Party shall, subject to clause 23.3 (*Distributions to the Borrower*) and clause 23.4 (*Clawback*) be made available by the Senior Agent as soon as practicable after receipt to the Party entitled to receive payment in accordance with this Agreement (in the case of a Senior Lender, for the account of its Facility Office), to such account as that Party may notify to the Senior Agent by not less than five Business Days' notice with a bank in the principal financial centre of the country of that currency.

Distributions to the Borrower

23.3 The Senior Agent may apply any amount received by it for the Borrower in or towards payment (on the date and in the currency and funds of receipt) of any amount due from the Borrower under the Operative Documents or in or towards purchase of any amount of any currency to be so applied.

Clawback

23.4 (a) Where a sum is to be paid to the Senior Agent under the Operative Documents for another Party, the Senior Agent is not obliged to pay that sum to that other Party (or to enter into or perform any related exchange contract) until it has been able to establish to its satisfaction that it has actually received that sum.

(b) If the Senior Agent pays an amount to another Party and it proves to be the case that the Senior Agent had not actually received that amount, then the Party to whom that amount (or the proceeds of any related exchange contract) was paid by the Senior Agent shall on demand refund the same to the Senior Agent together with interest on that amount from the date of payment to the date of receipt by the Senior Agent, calculated by the Senior Agent to reflect its cost of funds.

No set-off by Obligors

23.5 All payments to be made by the Borrower under the Operative Documents shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

Business Days

23.6 (a) Any payment which is due to be made on a day that is not a Business Day shall be made on the next Business Day in the same calendar month (if there is one) or the preceding Business Day (if there is not).

(b) During any extension of the due date for payment of any principal or Unpaid Sum under this Agreement interest is payable on the principal or Unpaid Sum at the rate payable on the original due date.

Currency of account

23.7 (a) Subject to clause 23.7(b) and (c), Dollars is the currency of account and payment for any sum due from the Borrower under any Operative Document.

(b) Each payment in respect of costs, expenses or Taxes shall be made in the currency in which the costs, expenses or Taxes are incurred.

(c) Any amount expressed to be payable in a currency other than Dollars shall be paid in that other currency.

Change of currency

23.8 (a) Unless otherwise prohibited by law, if more than one currency or currency unit are at the same time recognised by the central bank of any country as the lawful currency of that country, then:

(i) any reference in the Operative Documents to, and any obligations arising under the Operative Documents in, the currency of that country shall be translated into, or paid in, the currency or currency unit of that country designated by the Senior Agent (after consultation with the Borrower); and

(ii) any translation from one currency or currency unit to another shall be at the official rate of exchange recognised by the central bank for the conversion of that currency or currency unit into the other, rounded up or down by the Senior Agent (acting reasonably).

(b) If a change in any currency of a country occurs, this Agreement will, to the extent the Senior Agent (acting reasonably and after

consultation with the Borrower) specifies to be necessary, be amended to comply with any generally accepted conventions and market practice in the Relevant Interbank Market and otherwise to reflect the change in currency.

24. SET-OFF

A Senior Finance Party (other than the Liquidity Facility Provider) may in circumstances where a Senior Event of Default has occurred and is continuing set off any matured obligation due from

the Borrower under the Operative Documents (to the extent beneficially owned by that Senior Finance Party) against any obligation (whether or not matured) owed by that Senior Finance Party to the Borrower, regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Senior Finance Party may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off.

25. PARTIAL INVALIDITY

If, at any time, any provision of the Operative Documents is or becomes illegal, invalid or unenforceable in any respect under any law of any jurisdiction, neither the legality, validity or enforceability of the remaining provisions nor the legality, validity or enforceability of such provision under the law of any other jurisdiction will in any way be affected or impaired.

26. REMEDIES AND WAIVERS

No failure to exercise, nor any delay in exercising, on the part of any Senior Finance Party, any right or remedy under the Operative Documents shall operate as a waiver, nor shall any single or partial exercise of any right or remedy prevent any further or other exercise or the exercise of any other right or remedy. The rights and remedies provided in this Agreement are cumulative and not exclusive of any rights or remedies provided by law.

27. COUNTERPARTS

Each Operative Document may be executed in any number of counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of the Operative Document.

28. THIRD PARTY RIGHTS

28.1 Unless expressly provided to the contrary in an Operative Document a person who is not a party to an Operative Document may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999 (the ***Third Parties Act***).

28.2 Notwithstanding any term of any Operative Document, the consent of any third party is not required to rescind, vary, amend or terminate an Operative Document at any time.

29. GOVERNING LAW

This Agreement is governed by, and construed in accordance with, English law.

30. ENFORCEMENT

Jurisdiction

30.1 (a) For the benefit of each Senior Finance Party, the Borrower agrees that the courts of England are (subject to sub-clause (c) below) to have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement (including a dispute regarding the existence, validity or termination of this Agreement and claims for set-off and counterclaim) (a ***Dispute***) and for such purposes the Borrower irrevocably submits to the jurisdiction of the English courts.

(b) The Parties agree that the courts of England are the most appropriate and convenient courts to settle Disputes and accordingly no Party will argue to the contrary.

(c) This clause 30.1 is for the benefit of the Senior Finance Parties only. As a result, no Senior Finance Party shall be prevented from

taking proceedings relating to a Dispute in any other courts with jurisdiction and the Borrower irrevocably submits to the jurisdiction of any such court. To the extent allowed by law, the Senior Finance Parties may take concurrent proceedings in any number of jurisdictions.

(d) A judgment or order in connection with an Operative Document of any court referred to in this clause 30.1 is conclusive and binding on the Borrower and may be enforced against it in the courts of any other jurisdiction.

Service of process

30.2 The Borrower irrevocably consents to service of process or any other documents in connection with proceedings in any court by facsimile transmission, personal service, delivery at any address specified in this Agreement or any other usual address, mail or in any other manner permitted by English law, the law of the place of service or the law of the jurisdiction where proceedings are instituted.

Agent for service of process

30.3 The Borrower shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this Agreement. Such agent shall be:

Name: Simmlaw Services Limited

Address: c/- Simmons & Simmons, City Point, One Ropemaker Street, London EC2Y9SS

Attention: [_____]

Facsimile: +44 (0)207 628 2070

Any claim form, judgment or other notice of legal process shall be sufficiently served on the Borrower if delivered to such agent at its address for the time being. The Borrower irrevocably undertakes not to revoke the authority of the above agent and if, for any reason, the Senior Agent so requests, the Borrower shall promptly appoint another such agent with an address in England and advise the Senior Agent. If, following such a request, the Borrower fails to appoint another agent, the Senior Agent shall be entitled to appoint one on behalf of the Borrower at the expense of the Borrower.

31. LIMITED RECOURSE

Limited Recourse

31.1 Notwithstanding any other provision of this Agreement or the other Operative Documents to the contrary, and except as provided in the remaining provisions of this clause 31.1:

(a) all amounts payable or expressed to be payable to or for the account of the Finance Parties by the Borrower in respect of the Borrower's obligations under this Agreement and the other Operative Documents shall be payable by the Borrower only from and to the extent of sums paid to or received or recovered by the Borrower (or any person claiming through or on behalf of, or in place of the Borrower, including without limitation the Collateral Trustee as assignee, mortgagee or chargee and any liquidator, receiver, administrator, administrative receiver, trustee or officer of, or creditor of, the Borrower or any of its assets) from or out of the property comprised in the Security Documents (including any proceeds of realisation or enforcement of any of the Security Documents) (the ***Received Sums***);

(b) the Borrower shall not be personally liable for such amounts which are so payable or expressed to be so payable to or for the account of the Finance Parties, except to the extent that the Borrower receives or recovers (and does not have to repay as aforesaid) any of the Received Sums from any person and fails to pay the same to the Finance Parties; and

(c) the Financing Parties agree to look solely to the Received Sums for payments to be made by the Borrower under this Agreement and the other Operative Documents, and shall not otherwise take or pursue any judicial or other steps or proceedings or exercise any other right or remedy that they might otherwise have against the Borrower or any of its assets, except for any proceedings: (i) in connection with enforcement or exercise of the Security Interests; or (ii) to obtain a declaratory or other similar judgment or order as to the obligations of the Borrower expressed to be assumed hereunder or under any other Transaction Document; or (iii) to claim or prove in (but not initiate) any bankruptcy, insolvency, winding-up, liquidation, reorganisation, amalgamation, or dissolution of the Borrower.

Non-Derogation

31.2 The provisions of clause 31.1 shall only limit the personal liability of the Borrower for the discharge of its monetary obligations under the Operative Documents, and shall not limit or restrict in any way the accrual of interest (including default interest) on any unpaid amount (although the limitations as to the personal liability of the Borrower shall apply to such interest) or derogate from or otherwise

limit the rights of enforcement, recovery, realisation and application by the Finance Parties under and pursuant to the Security Documents.

Applicable Circumstance

31.3 (a) The Borrower shall be personally and fully liable for, and shall indemnify each of the Finance Parties against, any Losses incurred by the Finance Parties as a result of the occurrence of any Applicable Circumstance, and each Finance Party shall be at liberty to pursue all of its rights and remedies against the Borrower and all of its assets for any such Loss without restriction in the event of any such circumstance.

(b) For the purposes of this clause 31.3, ***Applicable Circumstance*** means any the following:

(i) the fraudulent or wilful misconduct or negligence of the Borrower with respect to the transactions contemplated by, or the performance of any of its obligations under, any of the Operative Documents to which it is a party; or

(ii) any representation or warranty or statement as to matters of fact made or given by the Borrower to any Finance Party in any Operative Document to which it is a party being incorrect in any material respect on the date made or given; or

(iii) any breach by the Borrower of any of its covenants contained in clause 18.3 (*Special Purpose Undertakings*) or clause 18.4 (*Negative Pledge*) or clause 18.13 *(Re-leasing)*.

Full Recourse Obligations

31.4 The limitation on personal liability contained in clause 31.1 shall not apply, and the Senior Lenders may have recourse against the Borrower and all of its assets without any limitation:

(a) in respect of any Losses suffered or incurred by the Senior Lenders as a result of the occurrence of:

(i) the fraudulent or wilful misconduct or gross negligence of the Borrower with respect to the transaction contemplated by or the performance of any of its obligations under this Agreement or any of the other Operative Documents to which it is a party; or

(ii) any representation or warranty or statement as to matters of fact made or given by the Borrower to the Senior Lenders in this Agreement or any of the other Operative Documents to which it is a party being incorrect in any material respect on the date made or given or;

(iii) any breach or non-performance by the Borrower or any of its covenants contained in clause 27 (*Amendments and Waivers)* and clause 18 (*Borrower's Undertakings*);

(b) to the extent that the Borrower receives or recovers any Available Collections or Applicable Proceeds from any person and fails to pay the same to the Senior Lender;

(c) and to the extent that the Senior Lenders are obliged, in connection with the bankruptcy, administration, insolvency, winding-up, liquidation, reorganisation, amalgamation or dissolution of the Borrower or any other person (including without limitation any Lessee), to repay or return any Available Collections or Applicable Proceeds,

and the Borrower shall be fully and personally liable for all amounts referred to in the foregoing paragraphs.

IN WITNESS whereof the Parties have signed this Agreement on the date shown at the beginning of this Agreement.

[***Signature block to be inserted***]

SCHEDULE 2
THE ORIGINAL LENDERS

Name of Original Lender	**Commitment**

SCHEDULE 3

Part A
Conditions Precedent to Signing

1. A copy of the constitutional documents of each of the Borrower, the Put Counterparty and [Irish Hold Cos].

2. A copy of a resolution of the board of directors of each of the Borrower, the Put Counterparty and [Irish Hold Cos]:

(a) approving the terms of, and the transactions contemplated by, the Operative Documents and resolving that it execute the Operative Documents to which it is a party;

(b) authorising a specified person or persons to execute the Operative Documents to which it is a party on its behalf; and

(c) authorising a specified person or persons, on its behalf, to sign and/or despatch all documents and notices [(including, if relevant, any Utilisation Request)] to be signed and/or despatched by it under or in connection with the Operative Documents to which it is a party.

3. A specimen of the signature of each person authorised by the resolution referred to in paragraph 2 above.

4. A certificate of an authorised signatory of each of the Borrower, the Put Counterparty and [Irish Hold Cos] certifying that each copy document relating to it specified in paragraphs 1-3 of this Part A is correct, complete and in full force and effect as at a date no earlier than the date of this Agreement.

5. The Certificate as to Lease Summaries in form and substance acceptable to the Senior Agent.

6. Legal opinion of legal advisers in the jurisdiction of incorporation of the Borrower in form, scope and substance satisfactory to the Senior Agent.

7. English law legal opinion from Freshfields Bruckhaus Deringer as to the validity and enforceability of the Operative Documents governed by English law.

8. Dutch law legal opinion from Freshfields Bruckhaus Deringer as to the due execution of the Operative Documents executed by

the Borrower and the Subordinated Note Holder.

9. Irish law legal opinion from A&L Goodbody as to the validity and enforceability of the Operative Documents governed by Irish law and the Operative Documents executed by the [Irish Hold Cos].

10. Evidence that:

(a) any process agent referred to in clause 30.3 (*Agent for service of process*) has accepted its appointment by the Borrower; and

(b) any process agent referred to in any Operative Document listed in paragraph 16 of this Part A has accepted its appointment.

11. Written confirmation from the Borrower that:

(a) the representations and warranties of the Borrower made pursuant to clause 17 are correct as at the date of this Agreement; and

(b) no event or circumstance has occurred since 4 July 2006 which constitutes a Material Adverse Event.

12. A copy of any other authorisation or other document, opinion or assurance which Senior Lender reasonably considers to be necessary or desirable (if it has notified the Borrower accordingly) in connection with the entry into and performance of the transactions contemplated by any Operative Document or for the validity and enforceability of any Operative Document.

13. A due diligence report prepared by a third party in form scope and substance satisfactory to the Senior Agent regarding principal lease arrangements, technical inspections, maintenance and appraisals relating to the Eligible Aircraft and the Leases.

14. Desktop half-life CMV appraisals and CMV appraisals adjusted for the maintenance status of the Eligible Aircraft prepared by Airclaims Limited as of the Closing Date.

15. Completion by a Senior Lender of all relevant due diligence and "know your customer" requirements (including, without limitation, compliance with money laundering and anti-terrorism information requirements).

16. An original of the following Operative Documents, duly executed by all parties thereto:

(a) this Agreement;

(b) the Junior Loan Agreement;

(c) the Subordinated Note Agreement;

(d) the DPP;

(e) the Liquidity Facility;

(f) the Fee Letters;

(g) the Servicing Agreement;

(h) the Put Agreement;

(i) the Irish Share Charges;

(j) the Dutch Share Pledge;

(k) the Initial Cap Agreement; and

(l) the Account Charges.

17. Evidence that a monthly direct debit in respect of the entire credit balance of the Daily Collections Account has been created to transfer such amounts automatically into the Collections Account.

18. Evidence that all filings, registrations, recordings and other actions have been or will be taken which are necessary or advisable to ensure the validity, effectiveness and enforceability of the any Operative Documents referred to in paragraph 16 of this Part A.

19. Such other documents and financial information as the Senior Agent may reasonably request in order to consummate or give effect to the transactions contemplated by this Agreement and the Operative Documents.[13]

Part B
Conditions Precedent to Aircraft Delivery

1. In respect of the Closing Date, receipt by the Borrower of the Initial Gross Subordinated Note Amount from the proceeds of the issuance of the Initial Subordinated Loan Note by the Borrower.

2. In respect of each Delivery Date other than the Closing Date, receipt by the Borrower of the Additional Gross Subordinated Note Amount from the proceeds of the issuance of the Additional Subordinated Loan Note

3. The Subordinated Note Purchaser and the Collateral Trustee shall have entered into the relevant supplement to the Put Agreement in relation to the relevant Financed Aircraft.

4. Aircraft Sale Agreement and Novation Agreement containing the Core Lease Provisions relating to the relevant Financed Aircraft executed by the Seller and the Borrower.

5. Legal opinion of legal advisers in the jurisdiction of incorporation of the Lessee of the relevant Financed Aircraft in respect of the Aircraft Sale Agreement and Novation Agreement, addressed to the Senior Agent.

6. Perfection and / or registration as applicable of all Security Interests in respect of the relevant Financed Aircraft.

7. Legal opinion of advisers in the relevant jurisdictions as to the validity and perfection of Security Interests taken in respect of the relevant Financed Aircraft.

8. If the relevant Financed Aircraft is to be leased by a Permitted Lessor, a the Permitted Lessor Security Assignment in respect of the relevant Financed Aircraft.

9. Payment in full of all fees, legal fees and expenses due and payable under this Agreement and the Operative Documents.

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13 If and when any further documents are required, the AerCap will be notified.

SCHEDULE 4

UTILISATION REQUEST

From: [Borrower]

To: [Senior Agent]

Dated:

Dear Sirs

Senior Loan Facility Agreement dated [ ] 2006 (the *Agreement*)

1. We refer to the Agreement. This is a Utilisation Request. Terms defined in the Agreement have the same meaning in this Utilisation Request unless given a different meaning in this Utilisation Request.

2. We wish to borrow a Senior Allocated Loan on the following terms:

Proposed Utilisation Date: [ ] (or, if that is not a Business Day, the next Business Day)

Amount:	[ ] or, if less, the Available Senior Facility Commitment
Eligible Aircraft:	[*MSN/other identifying reference*]
Purchase Price:	[ ][14]

3. The proceeds of this Senior Allocated Loan should be credited to: [•].

4. This Utilisation Request is irrevocable.

Yours faithfully

……

authorised signatory for
[Borrower]

---

14 To satisfy the 90% test.

SCHEDULE 5

FORM OF TRANSFER CERTIFICATES

To: [ ] as Senior Agent

From: [Existing Senior Lender] (the ***Existing Senior Lender***) and [New Senior Lender] (the ***New Senior Lender***)

Dated:

Senior Loan Facility Agreement dated [ ] (the *Agreement*)

1. We refer to the Agreement. This is a Transfer Certificate. Terms defined in the Agreement have the same meaning in this Transfer Certificate unless given a different meaning in this Transfer Certificate.

2. We refer to clause 20.5 (*Procedure for transfer*):

(a) The Existing Senior Lender and the New Senior Lender agree to the Existing Senior Lender transferring to the New Senior Lender by novation all or part of the Existing Senior Lender's Commitment, rights and obligations referred to in the Schedule in accordance with clause 20.5 (*Procedure for transfer*).

(b) The proposed Transfer Date is [ ].

(c) The Facility Office and address, fax number and attention details for notices of the New Senior Lender for the purposes of clause [•] (*Addresses*) of the Senior Facility Agreement and clause [•] of the DPP are set out in the Schedule.

3. The New Senior Lender expressly acknowledges the limitations on the Existing Senior Lender's obligations set out in paragraph (c) of clause 20.4 (*Limitation of responsibility of Existing Senior Lenders*).

4. The New Senior Lender confirms to the Borrower that it is a PMP.

5. This Transfer Certificate may be executed in any number of counterparts and this has the same effect as if the signatures on the counterparts were on a single copy of this Transfer Certificate.

6. This Transfer Certificate is governed by English law.

THE SCHEDULE

Commitment/rights and obligations to be transferred

[*insert relevant details*]

[Facility Office address, fax number and attention details for notices and account details for payments,]

[Existing Senior Lender]	[New Senior Lender]
By:	By:

This Transfer Certificate is accepted by the Senior Agent and the Transfer Date is confirmed as [ ].

[Senior Agent]

By:

SCHEDULE 6

TIMETABLES

Delivery of a duly completed Utilisation Request (clause [•])	
The Senior Agent notifies the Lenders of the Loan in accordance with clause [•]	
LIBOR is fixed	Quotation Day as of 11:00 a.m. London time

SCHEDULE 7

REPRESENTATIONS AND WARRANTIES

Representations and Warranties

1. The Borrower represents and warrants to each Senior Finance Party as follows:

(a) ***Status***: the Borrower and each Borrower Party is a limited company duly incorporated and validly existing under the laws of the State of Incorporation and has the corporate power to own its assets and carry on its business as it is being conducted;

(b) ***Power and authority***: the Borrower and each Borrower Party has the corporate power to enter into and perform, and has taken all necessary corporate action to authorise the entry into, performance and delivery of the Operative Documents to which it is a party and the transactions contemplated by the Operative Documents;

(c) ***Legal validity***: this Agreement has been duly authorised, executed and delivered by the Borrower, and this Agreement does, and the other Borrower's Documents when executed and delivered by the Borrower will, constitute legal, valid and binding

obligations of the Borrower, enforceable against the Borrower in accordance with their respective terms, except in so far as enforceability may be limited by and subject to qualifications in the legal opinions provided theron;

(d) ***Non-conflict***: the entry into and performance by the Borrower and each Borrower Party of, and the transactions contemplated by, the Operative Documents do not and will not: (i) conflict with any laws binding on the Borrower or any Borrower Party; or (ii) conflict with the constitutional documents of the Borrower or any Borrower Party; or (iii) conflict with or result in default under any document which is binding upon the Borrower or any Borrower Party or any of its or their assets nor result in the creation of any Security Interests over any of its or their assets except as expressly permitted pursuant to the Operative Documents;

(e) ***Authorisation***: all authorisations, consents, registrations and notifications required by the Borrower and each Borrower Party in connection with the entry into, performance, validity and enforceability of, the Operative Documents to which it is a party and the transactions contemplated by the Operative Documents, have been (or will on or before each Utilisation Date have been) obtained or effected (as appropriate) and are (or will on their being obtained or effected be) in full force and effect;

(f) ***No Immunity***: the Borrower and each Borrower Party is subject to civil commercial law with respect to its obligations under each of the Operative Documents to which it is a party, neither any Borrower Party nor any of their assets is entitled to any right of immunity and the entry into and performance of the Operative Documents to which they are party constitute private and commercial acts;

(g) ***Registrations***: except for the filing the Security Documents with the UK companies' registry and any other filings as may be noted in the legal opinions to be provided pursuant to Schedule 3 Part A, it is not necessary or advisable under the laws of the State of Incorporation, the State of Registration or the Habitual Base (if applicable) in order to

ensure the validity, effectiveness and enforceability of this Agreement or the other Operative Documents or to establish, perfect or protect the rights and interests of the Senior Finance Parties in the Financed Aircraft that this Agreement, any other Operative Document or any instrument relating thereto be filed, registered or recorded or that any other action be taken;

(h) ***Pari Passu***: the obligations of each Borrower Party under the Operative Documents to which it is a party rank at least pari passu with all other present and future unsecured and unsubordinated obligations (including contingent obligations) of the relevant Borrower Party, with the exception of such obligations as are mandatorily preferred by law and not by virtue of any contract;

(i) ***Material Adverse Change***: there has been no material adverse change since [_____] in the business or financial condition of the Borrower or any Borrower Party;

(j) ***No Litigation***: no litigation, arbitration or administrative proceedings are pending or, to the Borrower's knowledge, threatened against the Borrower which, if adversely determined, would have a material adverse effect upon the Borrower's financial condition or business or its ability to perform its obligations under this Agreement;

(k) ***No Senior Default***: no Senior Default has occurred and is continuing or might result from the entry into or performance of this Agreement by the Borrower; and no other event has occurred and is continuing which constitutes (or with the lapse of time or the making of a determination would constitute) a material default under any document which is binding on the Borrower or the Borrower Party or any assets of the Borrower or any Borrower Party;

(l) ***Full Disclosure***: each of the Borrower Documents and any other document, certificate or statement furnished in writing to any Senior Finance Party by or on behalf of the Borrower or any other Borrower Party in connection with the transactions contemplated hereby or thereby (including, without limitation, financial information) does not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained herein and therein not misleading; all forecasts and opinions of the Borrower contained therein were honestly made on reasonable grounds after due and careful inquiry by the Borrower; and there is no fact or circumstance which has not been disclosed by the Borrower to the Senior Agent in writing on or before the date of this Agreement and which (in any of the above cases) materially adversely affects or will materially adversely affect the ability of the Borrower to carry on its business or to perform its obligations under any of the Borrower Documents;

(m) ***Title to Financed Aircraft***: the Borrower is or will be on the Utilisation Date in respect of the relevant Financed Aircraft, sole legal and beneficial owner of the Aircraft (except only to the extent permitted pursuant to a Trust Structure expressly permitted by the Operative Documents); and

(n) ***Borrower regulatory compliance***:

(i) to the extent that the Borrower qualifies as a credit institution (*kredietinstelling*) under the WTK, the Borrower is in compliance with the applicable provisions of the WTK and any implementing regulation, including the Exemption Regulation.

(ii) the Borrower has verified the status of each Senior Lender under this Agreement as a PMP under the Exemption Regulation.

Repetition

The representations and warranties of the Borrower pursuant to paragraph 1 of this Schedule 7 are made on the date of this Agreement in each case by reference to the facts and circumstances then existing. The representations and warranties of the Borrower pursuant to paragraph 1 of this Schedule 7 shall survive the execution of this Agreement and each Utilisation Date. Each of the representations and warranties contained in paragraph 1 of this Schedule 7 (other than those contained in paragraphs (g), (i), (k) and (l)) shall be deemed to be repeated by the Borrower on each Utilisation Date by reference to the facts and circumstances then existing and in the case of the representation and warranty contained in paragraph 1(n)(ii) shall also be deemed repeated on the date on which a person becomes a New Senior Lender in accordance with Clause [20] (*Changes to the Senior Lenders*) (if it is a requirement at that time that a Senior Lender be a PMP).

SCHEDULE 8

ELIGIBLE AIRCRAFT

SCHEDULE 9

SENIOR ALLOCATED LOANS

SCHEDULE 10

APPLICABLE PERCENTAGES

SCHEDULE 11

FORM OF SENIOR LOAN SUPPLEMENT

SCHEDULE 12

CORE LEASE PROVISIONS

SCHEDULE 13

ASSUMPTIONS

SCHEDULE 14

LTV FORECASTS

SALE AND PURCHASE AGREEMENT

regarding the acquisition of
all shares in and certain loans and facilities granted to

debis AirFinance B.V.

Table of Contents

SALE AND PURCHASE AGREEMENT

by and between

1. DaimlerChrysler Services AG, Eichhornstraße 3, 10875 Berlin, Germany,

- "**DC Services**" -

2. DaimlerChrysler Aerospace AG, Willy-Messerschmitt-Straße, 85521 Ottobrunn, Germany,

- "**DC Aerospace**" -

3. DaimlerChrysler AG, Epplestraße 225, 70567 Stuttgart, Germany,

- "**DC AG**" -

4. Bayerische Hypo- und Vereinsbank AG, Arabellastraße 14, 81925 Munich, Germany,

- "**HVB**" -

5. HVB Banque Luxembourg SA, 4, rue Alphonse Weicker, 2721 Luxembourg, Luxembourg

- "**HVB Luxembourg**" -

6. Bayerische Landesbank, Brienner Str. 18, 80333 Munich, Germany,

- "**BLB**" -

7. BLB Beteiligungsgesellschaft Beta mbH, Brienner Str. 18, 80333 Munich, Germany,

"**BLB-Beteiligung**"

8. Dresdner Bank AG, Platz der Einheit 2, 60301 Frankfurt am Main, Germany,

"**Dresdner Bank**"

9. DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Platz der Republik, 60265 Frankfurt am Main, Germany,

- "**DZ**" -

10. DZ Beteiligungsgesellschaft mbH Nr. 6, Platz der Republik, 60325 Frankfurt am Main, Germany,

- "**DZ Beteiligung**" -

11. KfW, Palmengartenstr. 5-9, 60325 Frankfurt am Main, Germany,

- "**KfW**" -

- the parties referred to in 1. through 11., collectively, the "**Sellers**" and each of them individually a "**Seller**" - -,

and

12. FERN S.à r.l., c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, New York 10171, U.S.A.,

- "**Purchaser**" -

- the Sellers and the Purchaser, collectively, the "**Parties**" or each of them individually a "**Party**" -

Defined Terms

When used in this Agreement, the following terms shall have the following meanings:

Affiliate means "*verbundene Unternehmen*" as such term is defined in Section 15 of the German Stock Corporation Act (*Aktiengesetz – AktG*);

Agreement shall have the meaning as defined in Recitals (A);

Aircraft means each of the Owned Aircraft, Structured Finance Aircraft and Leased-in Aircraft specified in the Aircraft Disclosure Schedule;

Aircraft Assets means the Aircraft, the Engines, any spare parts in respect thereof, and any other assets that are specifically used in connection with the Aircraft, the Engines or the spare parts;

Aircraft Disclosure Schedule means Schedule 5(a) to Exhibit 5.1 setting out as of April 1, 2005, with respect to the Company and each dAF-Consolidated Company, the Owned Aircraft, the Structured Finance Aircraft and the Leased-in Aircraft and specifying (i) with respect to each Aircraft, the manufacturer, model, registration marks, manufacturer's serial number and year of manufacture, (ii) specifying with respect to each Engine, the manufacturer and model, (iii) with respect to each Lease (a) the identity of the Lessee, (b) the expiry date of the Lease and (c) the current monthly rental and whether it is floating or fixed, (iv) with respect to each Headlease (a) the identity of the Headlessor, (b) the expiry date of the Headlease and (c) the current monthly rental and whether it is floating or fixed, and (v) with respect to each Loan Facility (a) the identity of the agent bank and (b) the initial principal sum of the Loan Facility and the outstanding balance, the scheduled maturity date and the interest rate and monthly debt service (if a fixed rate obligation) arising thereunder as at the most recent end of the month;

Assets and Properties of any Person means – with the exclusion of goodwill and tax assets – all assets and properties of every kind, nature, character or description (whether real, personal or mixed, whether tangible or intangible, whether absolute, accrued, contingent, fixed or otherwise and wherever situated), operated, owned or leased by such Person, including without limitation cash, cash equivalents, Investment Assets, accounts and notes receivable, documents, instruments, general intangibles, real estate, equipment, inventory, goods and Intellectual Property;

Associated Company or ***Associated Companies*** shall have the meaning as defined in Section 1.2;

Audited Financial Statements 2004 means the consolidated financial statements prepared in accordance with GAAP of the Company and the dAF-Consolidated Group as of and for the twelve months period ended December 31, 2004 as certified by PricewaterhouseCoopers, Amsterdam, on February 23, 2005; and as approved by the Supervisory Board of the Company on March 9, 2005;

Benefit Plan means any Plan established or maintained by the Company or any dAF-Consolidated Company existing at the Closing Date or prior thereto, to which the Company or any dAF-Consolidated Company contributes or has contributed, and under which any employee, former employee or director of the Company or any dAF-Consolidated Company or any beneficiary thereof is covered, is eligible for coverage or has benefit rights against the Company or any dAF-Consolidated Company;

BGB means the German Civil Code;

BLB means Bayerische Landesbank;

BLB-Beteiligung means BLB Beteiligungsgesellschaft Beta GmbH;

Books and Records means all files, documents, instruments, papers, books and records relating to the Business or any Assets and Properties of the Business (including any Aircraft), including without limitation documents, data, records, financial statements, tax returns and budgets, pricing guidelines, ledgers, journals, deeds, title policies, minutes, stock certificates and books, stock transfer ledgers, contracts, licenses, customer lists, computer files and programs, and operating data and plans;

Breach shall have the meaning as defined in Section 6.1;

Breach Notice shall have the meaning as defined in Section 6.1;

Business shall have the meaning as defined in Recitals (A);

Business Day means a day (other than a Saturday and a Sunday) on which banks are generally open in Amsterdam, Frankfurt am Main and New York City for the transaction of normal banking business;

Closing shall have the meaning as defined in Section 4.5;

Closing Conditions shall have the meaning as defined in Section 4.2;

Closing Confirmation shall have the meaning as defined in Section 4.7;

Closing Date shall have the meaning as defined in Section 4.1.3;

Closing Events shall have the meaning as defined in Section 4.5;

Company shall have the meaning as defined in Recitals (A);

Creditor means the lender under any Loan Facility;

dAF shall have the meaning as defined in Recitals (A);

dAF-Consolidated Company or ***dAF-Consolidated Companies*** shall have the meaning as defined in Section 1.2;

dAF-Consolidated Group shall have the meaning as defined in Section 1.2;

DC Aerospace means DaimlerChrysler Aerospace AG;

DC AG means DaimlerChrysler AG;

DC Services means DaimlerChrysler Services AG;

Deductible shall have the meaning as defined in Section 7.2;

Disclosure Schedules shall have the meaning as defined in Section 5.1;

DOJ means US Antitrust Division of the Department of Justice;

Dresdner Bank means Dresdner Bank AG;

DZ means DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main;

DZ Beteiligung means DZ Beteiligungsgesellschaft mbH Nr. 6;

ECA or ECAs means (any of) the export credit agencies Euler Hermes Kreditversicherungs-AG (Germany), Export Credits Guarantee Department (the UK's official export credit agency) and Coface SA (France);

ECA Facility shall have the meaning as defined in Section 4.2.2(a);

ECA Finance Documents shall have the meaning as defined in Section 4.2.2(a);

Effective Date shall have the meaning as defined in Section 4.1.1;

Engine means any engine being the subject of a Lease and/or a Headlease, including, to the extent so permitted under the relevant Lease and/or Headlease, replacement engines;

Final Refusal means, in respect of any ECA Facility, MSN 313 Facility or JOL Facility, a written letter from any the ECA Agents (as defined in the ECA Finance Documents) with respect to the ECA Facilities, the Agents and the Lenders (as defined in the MSN 313 Finance Documents) with respect to the MSN 313 Finance Documents and/or the Security Trustees and Lessors (each as defined in the JOL Finance Documents) with respect to the relevant JOL Finance Documents, as the case may be, stating finally, definitively and unconditionally that such Person has not and will not grant a Waiver with respect to such ECA Facility, MSN 313 Facility or JOL Facility, as the case may be;

Forward Order means the advance order from Airbus as described in more detail in **Exhibit FO;**

FTC means Federal Trade Commission;

GAAP means United States generally accepted accounting principles;

Governmental or Regulatory Authority means any court, tribunal, arbitrator, authority, agency, commission, or other official body of any country or state, county or city (excluding for the avoidance of doubt any Export Credit Agency);

Guarantees shall have the meaning as defined in Section 5.1;

GWB means German Act against Restraints of Competition;

Headlease means any lease agreement pursuant whereto a Leased-in Aircraft or a Structured Finance Aircraft is leased by a Person or entity to the Company or any of the dAF-Consolidated Companies;

Headlease Documents means: (i) with respect to each Leased-in Aircraft, the Headlease and all other agreements to which the Company or a dAF-Consolidated Company is a party (including any side letters, assignment of warranties and option agreements) pertaining to the leasing of Leased-in Aircraft to the Company or any of the dAF-Consolidated Companies, and (ii) with respect to a Structured Finance Aircraft, the Headlease, the Loan Facility and all other agreements to which the

Company or a dAF-Consolidated Company is a party (including any side letters, assignment of warranties and option agreements) as well as other operative documents pertaining to the acquisition of the Structured Finance Aircraft, the financing thereof and the leasing thereof to the Company or any of the dAF-Consolidated Companies (in each case to the extent the Company or any of the dAF-Consolidated Companies is a party to such documents);

Headlessor means any Person or entity which leases a Leased-in Aircraft or a Structured Finance Aircraft to the Company or any of the dAF-Consolidated Companies;

HVB means Bayerische Hypo- und Vereinsbank AG;

HVB Luxembourg means HVB Banque Luxembourg SA;

Intra-Group Agreements shall mean any agreements between the Company and one or more legally or beneficially wholly-owned dAF Consolidated Companies or among legally or beneficially wholly-owned dAF Consolidated Companies to which no other Person (other than the Company or a legally or beneficially wholly-owned dAF-Consolidated Company) is a party, provided, however, that debis AirFinance Ireland plc shall be deemed to be wholly-owned for purposes of this definition;

Investment Assets means all debentures, notes and other evidences of indebtedness, stocks, securities (including rights to purchase and securities convertible into or exchangeable for other securities), interests in joint ventures and general and limited partnerships, mortgage loans and other investment assets owned of record or beneficially by the Company or any dAF-Consolidated Company and issued by any Person other than the Company or any dAF-Consolidated Company (other than trade receivables generated in the ordinary course of business of the Company and the dAF-Consolidated Group);

JOL Facility shall have the meaning as defined in Section 4.2.2(b);

JOL Finance Documents shall have the meaning as defined in Section 4.2.2(b);

KfW means KfW;

Lease means any lease agreement in respect of an Aircraft or an Engine pursuant to which an Aircraft or an Engine is leased by the Company or any dAF-Consolidated Company to any Lessee;

Lease Documents means with respect to each Aircraft, the Lease and all other agreements (including any material side-letters, extension agreements, assignment of warranties and option agreements) related to that Lease;

Leased-in Aircraft means each Aircraft listed in the Aircraft Disclosure Schedule under "Leased-in Aircraft";

Lessee means any Person or entity which leases an Aircraft from the Company or any of the dAF-Consolidated Companies pursuant to a Lease;

Lessor means the Company or any of the dAF-Consolidated Companies which is the lessor under a Lease;

Lessor Guarantee shall have the meaning as defined in Section 6 (c) of Exhibit 5.1;

Liability Cap shall have the meaning as defined in Section 7.1;

Loan Facility or ***Loan Facilities*** means any the loan agreements as listed in **Exhibit LF**;

Loans Transfer Documents shall have the meaning as defined in Section 4.5.3;

Losses means any and all direct damages and losses (i.e. excluding consequential damages (*Folgeschäden*) except to the extent as set forth in this definition further below, and excluding internal administration or overhead costs of the Purchaser or Cerberus Capital Management, L.P.), any direct liabilities, fines, fees, penalties, deficiencies and expenses (including without limitation interest, court costs, reasonable fees of attorneys, accountants and other experts or other expenses of litigation or other proceedings or of any claim, default or assessment), and including, with respect to any entity, any of the foregoing that are incurred or suffered by or through a direct or indirect subsidiary of such entity and including, in the case of Losses incurred or suffered by the Company or any dAF-Consolidated Company, lost or foregone revenues or profits (but excluding any lost or foregone revenues or profits of the Purchaser and lost opportunities for anticipated synergies to be created between the Company or any dAF-Consolidated Company on the one hand and the Purchaser or its Affiliates on the other hand) only to the extent of actual current or the net present value of future lost, forgone or reduced cash flows of the Company or any dAF-Consolidated Company;

Material Adverse Effect shall have the meaning as defined in Section 4.2.4;

Material Contracts means all of the following agreements with principal obligations (*Hauptleistungspflichten*) still to be performed or substantial liabilities outstanding:

(i) leases or other agreements under which the Company or any dAF-Consolidated Company is lessee of, or holds or operates, any machinery, equipment, vehicle or other tangible personal property other than Aircraft Assets owned by a third party and used in the Business and which entails annual payments, in the case of any such lease or agreement, in excess of US$1,000,000.00;

(ii) all partnership, joint venture, shareholders', cooperation or other similar contracts with any Person (other than Intra-Group Agreements) to which the Company or a dAF-Consolidated Company is a party;

(iii) all contracts that:

(a) limit or contain restrictions on the ability of the Company or any dAF-Consolidated Company to declare or pay dividends on, to make any other distribution in respect of or to issue or purchase, redeem or otherwise acquire its capital stock, to incur indebtedness, to incur or suffer to exist any lien, to purchase or sell any operations, assets and properties, to change the lines of business in which it participates or engages or to engage in any business combination; or

(b) require the Company or any dAF-Consolidated Company to maintain specified financial ratios or levels of net worth or other indicia of financial condition;

(iv) contracts and agreements binding on the Company or any dAF-Consolidated Company and which are:

(a) outstanding contracts with agents, salesmen, sales representatives, distributors, sales agents or dealers of the Company or any dAF-Consolidated Company other than contracts which involve annual payments by any party of less than US$1,000,000.00 (one million US Dollars) and by their terms are cancelable by the Company or any dAF Consolidated Company, with notice of not more than thirty (30) days and without cancellation penalties or severance payments, in the case of any such contract, in excess of US$100,000.00 (one hundred thousand US Dollars);

(b) collective bargaining agreements of the Company or any of the dAF-Consolidated Group that relate to the Business;

(c) Benefit Plans;

(d) profit and loss pooling agreements (*Ergebnisabführungsverträge*) within the meaning of Section 291 para. 1 German Stock Corporation Act or equivalent agreements under foreign law that relate to a fiscal unity (*Organschaft*), contracts or agreements (other than Intra-Group Agreements) relating to past or future mergers, business combinations or other

dispositions or acquisitions of the Business, other than dispositions or acquisitions of Aircraft Assets or special purpose vehicles owning Aircraft Assets in the ordinary course of business consistent with past practice;

(e) contracts or agreements with (i) the five (5) largest Lessees, and other customers of the Company and the dAF-Consolidated Group, on the basis of revenues for the most recently-completed fiscal year and (ii) the five (5) largest suppliers, including Headlessors, of the Company and the dAF-Consolidated Group, on the basis of cost for the most recently-completed fiscal year;

(v) Loan Facilities;

(vi) contracts with any Person containing any provision or covenant prohibiting or limiting the ability of the Company or any dAF-Consolidated Company to engage in any business activity or compete with any Person;

(vii) all other contracts and agreements that involve the payment or potential payment, pursuant to the terms of any such contract, by or to the Company or any dAF-Consolidated Company of more than US$10,000,000.00 (ten million US Dollars) annually; and

(viii) all material amendments and material supplements as in force and operative as of the Signing Date to any of the contracts and agreements listed under (i) through (vii) above.

Material Contract Schedule means Schedule 6(a) to Exhibit 5.1 which lists all Material Contracts;

Merger Filing or ***Merger Filings*** shall have the meaning as defined in Section 4.3.2***;***

MSN 313 Finance Documents shall have the meaning as defined in Section 4.2.2(b);

Notary means civil law notary Mr W.H. Bossenbroek or another civil law notary of NautaDutilh, or any of their deputies;

Noteholders means the noteholders under the US Notes;

Owned Aircraft means each Aircraft listed in the Aircraft Disclosure Schedule under "Owned Aircraft";

Party or ***Parties*** shall mean the Sellers and the Purchaser;

Permitted Security Interests means (i) mechanics', carriers', workmen's, repairmen's, warehousemen's, airport authority's, landlord's or other statutory Security Interests arising from or incurred in the ordinary course of business and securing obligations which are not due or which are being contested in good faith by the Company or one or more of the dAF-Consolidated Companies; (ii) Security Interests for Taxes which are not due and payable or which may thereafter be paid without penalty or which are being contested in good faith by the Company or one or more of the dAF-Consolidated Companies; (iii) easements, covenants, rights-of-way and other encumbrances or restrictions of record; (iv) zoning, building and other similar restrictions, provided the same are not violated in any material respect by any improvements of the Company or any of the dAF-Consolidated Companies or by the use thereof for the conduct of the Company's or any of the dAF-Consolidated Companies' business; (v) any permitted lien or lessor lien (as defined in the respective Lease or otherwise) under any of the Leases, except, in each case, to the extent attributable to the Company or any dAF-Consolidated Company; (vi) any permitted lien or lessor lien (as defined in the Headlease or otherwise) under any of the Headleases, except, in each case, to the extent attributable to the Company or any dAF-Consolidated Company; (vii) any unrecorded easements, covenants, rights-of-way or other encumbrances or restrictions, and other Security Interests that are not material in character or amount, none of which unrecorded items or other Security Interests materially impairs the use of the property to which they relate in the business of the Company and the dAF-Consolidated Companies, taken as a whole, as presently conducted, (viii) any and all Security Interests created for the benefit of the SHL-Lenders or any one of them in accordance with any of the SHL-Loans; (ix) any and all Security Interests created for the benefit of the Noteholders or any one of them in accordance with the US Notes; (x) any and all Security Interests created for the benefit of the Creditors or any one of them in accordance with any of the Loan Facilities; (xi) any and all Security Interest created for the benefit of any creditor in accordance with any new facility agreement or other financing arrangement (including new Headleases) in connection with the acquisition of any aircraft; (xii) any and all Security Interests in relation to a Structured Finance Aircraft; and (xiii) any and all other imperfections of title or encumbrances, if any, which imperfections of title or encumbrances do not materially impair the use of any asset with a net book value in excess of US$1,000,000.00 (one million US Dollars);

Person means any natural person, corporation, foundation, cooperative, limited liability company, general partnership, business organization, trust, union, association, limited partnership, proprietorship or Governmental or Regulatory Authority;

Plan means any bonus, incentive compensation, deferred compensation, pension, welfare, profit sharing, retirement, stock purchase, stock option, stock ownership,

stock appreciation rights, phantom stock, leave of absence, layoff, vacation, day or dependent care, legal services, cafeteria, life, health, accident, disability, workmen's compensation or other insurance, severance, separation or other employee benefit plan, practice, policy or arrangement of any kind, whether written or oral, including, but not limited to, any "employee benefit plans", but excluding any social

welfare plans.

Purchase Price shall have the meaning as defined in Section 3.1;

Purchaser means FERN S.à r.l.;

Purchaser's Bank Account shall have the meaning as defined in Section 3.3;

Recoverable Claims shall have the meaning as defined in Section 7.2;

Restitution in Kind shall have the meaning as defined in Section 6.1;

Revolving Facility shall have the meaning as defined in Section 3.1;

Security Interest means, with respect to any property or asset, any mortgage, lien, pledge, charge, security right, security interest, right of retention, preferential claim, arrest, encumbrance or other adverse claim of any kind in respect of that property or asset. For purposes hereof, a Person or entity shall be deemed to own subject to a Security Interest any property or asset that it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capital lease or other title retention agreement relating to that property or asset;

Seller or ***Sellers*** means DC Services, DC Aerospace, DC AG, HVB, HVB Luxembourg, BLB, BLB-Beteiligung, Dresdner Bank, DZ, DZ Beteiligung, KfW;

Sellers' Bank Account shall have the meaning as defined in Section 3.2;

Sellers' Knowledge shall have the meaning as defined in Section 5.2;

Senior Facility Agreement shall have the meaning as defined in Section 1.3.1;

Senior Lender or ***Senior Lenders*** shall have the meaning as defined in Section 1.3.1;

Shareholders shall have the meaning as defined in Section 1.1;

Shares shall have the meaning as defined in Section 1.1;

Shares Transfer Deed shall have the meaning as defined in Section 4.5.2;

Share Transfer shall have the meaning as defined in Section 4.2.2 (a);

SHL-Lender or ***SHL-Lenders*** shall have the meaning as defined in Section 1.3;

SHL-Loan Agreements shall have the meaning as defined in Section 1.3;

SHL-Loans shall have the meaning as defined in Section 1.3;

SHL Senior Secured Refinancing Facility shall have the meaning as defined in Section 1.3.1;

Signing Date shall have the meaning as defined in Section 4.1.2;

Structured Finance Aircraft means each Aircraft listed in the Aircraft Disclosure Schedule under "Structured Finance Aircraft";

Subordinated Lender or ***Subordinated Lenders*** shall have the meaning as defined in Section 1.3.2;

Subordinated Loan Agreements shall have the meaning as defined in Section 1.3.2;

Subordinated Loans shall have the meaning as defined in Section 1.3.2;

Subsidiaries shall mean any Person that directly or indirectly is controlled by another Person. For purposes of this definition, control of a Person means the power, direct or indirect, to direct or cause the direction of the management and policies of such Person whether by contract or otherwise and, in any event and without limitation of the previous sentence, any Person owning more than fifty percent (50%) of the voting rights and capital in another Person shall be deemed to control that other Person;

Tax includes, without limitation, (a) taxes on income, profits and gains, and (b) all other taxes, levies, duties, imposts, charges and withholdings of any nature, including any excise, property, sales, transfer, franchise and payroll taxes and any national insurance or social security contributions, together with all penalties, charges and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them, and regardless of whether such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to the relevant Person or any other Person and of whether any amount in respect of them is recoverable from any other Person;

Third Party Claim shall have the meaning as defined in Section 6.3; and

US-Notes means the 7.95 % Series A Guaranteed Senior Notes Due 2005 and the 8.05 % Series B Guaranteed Senior Notes Due 2007 each dated December 14, 2000 issued by debis AirFinance Funding 1 B.V. within the framework of a US private placement and guaranteed by the Company.

Waiver or Waivers shall have the meaning as defined in Section 4.2.2(a).

List of Exhibits

Exhibit C	Cerberus Commitment Letter
Exhibit FO	Forward Order
Exhibit LF	Loan Facility/Loan Facilities
Exhibit 1.2-1	List of dAF-Consolidated Companies
Exhibit 1.2-2	List of Associated Companies
Exhibit 1.2-3	Group charts of the dAF-Consolidated Group and the Associated Companies
Exhibit 1.3.1	List of the respective participation of each Senior Lender in the SHL Senior Secured Refinancing Facility
Exhibit 1.3.2-1	List of Subordinated Loan Agreements
Exhibit 1.3.2-2	List of principal amounts and interest owed under the Subordinated Loans as of January 1, 2005
Exhibit 3.1	Allocation of Purchase Price
Exhibit 3.2	Sellers' Bank Account
Exhibit 4.2.2(a)	ECA Facilities
Exhibit 4.2.2(b)	MSN 313 Finance Agreements
Exhibit 4.2.2(c)	JOL Facilities
Exhibit 4.2.4 (i)	List of material subsidiaries
Exhibit 4.5.1 (ii)	Bank Account of the Company
Exhibit 4.5.2	Shares Transfer Deed
Exhibit 4.5.3-1	Loans Transfer Documents regarding SHL Senior Secured Refinancing Facility
Exhibit 4.5.3-2	Loans Transfer Documents regarding Subordinated Loans
Exhibit 4.5.4	List of resigning supervisory board members
Exhibit 5.1	Guarantees
Exhibit 5.1 (ii)	Sellers' respective shares in liability
Exhibit 5.2	List of persons regarding Sellers' Knowledge
Exhibit 7.4.5	Purchaser's Knowledge
Exhibit 8.1	Shareholders' Resolution
Exhibit 8.1.2	List of Sellers and Persons
Exhibit 8.2.1	Corporate Matters after the Signing Date
Exhibit 8.2.5	Dividend Payments after the Signing Date
Exhibit 8.2.6	Disposals of Shares after the Signing Date
Exhibit 8.2.7	Changes to Compensation of Directors, Officers and Employees after the Signing Date
Exhibit 8.2.8	Corporate Reorganizations after the Signing Date
Exhibit 8.2.9	Transactions with Affiliates after the Signing Date

List of Disclosure Schedules

Schedule 1.2 (b)	Articles of Incorporation, Articles of Association and Partially Paid-up Shares
Schedule 1.2 (c)	Directors, Supervisory Directors and Proxyholders
Schedule 1.3 (a) and Schedule 1.3 (aa)	Certain companies of the dAF-Consolidated Group and Articles of Association of certain companies of the dAF-Consolidated Group
Schedule 1.3 (b)	Title to Shares
Schedule 1.3 (c)	Foreign Directors / Proxyholders
Schedule 2	Operation since January 1, 2005
Schedule 3.1 (a)	Licences
Schedule 3.1 (b)	Licences Exceptions
Schedule 3.2 (b)	Compliance with Laws
Schedule 4.1 (a)	Encumbered Tangibles
Schedule 4.1 (b)	Real Property
Schedule 4.2 (a)	Material Insurance Policies
Schedule 4.2 (a)-1	Insurance Termination Grounds
Schedule 4.2 (a)-2	Defective Insurances
Schedule 4.2 (b)	Insurance Claims
Schedule 5 (a)	Aircraft Disclosure
Schedule 5 (c)	Other Aircraft

Schedule 5 (d)	Lease Default
Schedule 5 (e)	Headlease Default
Schedule 5 (f)	Lease Documents
Schedule 5 (g)	Headlease Documents
Schedule 5 (h)	Lease Defects
Schedule 5 (i)	Material Lease Claims
Schedule 5 (j)	Security Interests on Aircraft Assets
Schedule 5 (k)	Incidents
Schedule 5 (l)	Airworthiness Directives
Schedule 5 (m)	Options
Schedule 5 (n)	Lease Termination Grounds
Schedule 6 (a)	Material Contracts
Schedule 6 (b)	Material Default
Schedule 6 (c)	Guarantees
Schedule 6 (d)	Sureties
Schedule 7 (a)	Litigation
Schedule 8.1	Service Agreements
Schedule 8.3	Collective Labor Disputes
Schedule 8.4 (a)	Benefit Plans
Schedule 8.4 (b)	Benefit Litigation
Schedule 10.1	Consolidated Balance Sheet
Schedule 10.2	Resolutions
Schedule 10.3-1	Notes to the Audited Financial Statements 2004
Schedule 10.3-2	No Undisclosed Liabilities
Schedule 11	Investment Assets
Schedule 12	Conflicts
Schedule 17.1	Tax Liabilities
Schedule 17.2	Tax Disputes

Schedule 17.3	Social Tax
Schedule 17.4	Permanent Establishments

RECITALS

(A) **WHEREAS**, the Sellers, as further detailed in this agreement and its Exhibits and Disclosure Schedules (collectively, the "**Agreement**") are shareholders and/or lenders of debis AirFinance B.V., Amsterdam, The Netherlands (the "**Company**" or "**dAF**"), a company which, directly or indirectly through the dAF-Consolidated Group and the Associated Companies, is active in the worldwide purchasing, leasing, selling and financing of commercial aircraft (including engines and spare parts) and the provision of aircraft servicing, asset management and related other services (collectively, the "**Business**").

(B) **WHEREAS**, the Sellers intend to sell and transfer (*leveren*) all shares in the Company as well as certain loans and credit facilities upon the terms and conditions of this Agreement to the Purchaser, who is willing to purchase and acquire such shares, loans and credit facilities accordingly.

(C) **WHEREAS,** by the letter attached hereto as **Exhibit C** Cerberus Capital Management L.P. is, subject to the terms and conditions set forth in such letter, agreeing to make payment to the Sellers in the event that the Purchaser breaches its obligation to consummate the transactions contemplated under this Agreement.

Now, therefore, the Parties agree as follows:

1. Current Status

1.1 debis AirFinance B.V.

The Company is a limited liability company formed and validly existing under the laws of The Netherlands with corporate seat in Amsterdam, The Netherlands, which is registered with the Kamer van Koophandel en Fabrieken voor Amsterdam under registry no. 34094272. The authorized and issued share capital of the Company amounts to €363,024,000.00 (in words: three hundred sixty-three million twenty-four thousand Euros) and is divided into 800,000 shares in the nominal amount of €453.78 (in words: four hundred fifty-three Euros and seventy-eight Cents) each (all 800,000 shares, collectively, the "**Shares**"). Of the total authorized and issued share capital of the Company, an amount of €334,075,720.00 (in words: three hundred thirty-four million seventy-five thousand seven hundred twenty Euros) has been paid in by the Shareholders *pro rata* to their respective shareholdings. Sole shareholders of the Company with the following shareholdings are:

Percentage of

Shareholder	No. of Shares held:	Share Capital:
DC Services	280,000	35 %
DC Aerospace	80,000	10 %
BLB-Beteiligung	120,000	15 %
Dresdner Bank	120,000	15 %
HVB	120,000	15 %
DZ Beteiligung	80,000	10 %
Total	**800,000**	**100 %**

(DC Services, DC Aerospace, BLB-Beteiligung, Dresdner Bank, HVB and DZ Beteiligung in their capacity as shareholders of the Company, collectively, the "**Shareholders**").

1.2 Subsidiaries and Participations of the Company

The companies, which are consolidated in the Audited Financial Statements 2004 or established or acquired after the Effective Date, and which – except as set forth in Schedule 1.3 (b) to Exhibit 5.1 – are, directly or indirectly wholly-owned by the Company are listed in **Exhibit 1.2-1** and, collectively, referred to as the "**dAF-Consolidated Group**" and each of them individually as a "**dAF-Consolidated Company**" and several of them "**dAF-Consolidated Companies**". In addition to the dAF-Consolidated Group, as of the Signing Date, the Company directly and indirectly only holds shares in the companies set out in **Exhibit 1.2-2** (collectively, the "**Associated Companies**" and each of them individually an "**Associated Company**"). For illustration purposes, **Exhibit 1.2-3** contains several group charts of the dAF-Consolidated Group and the Associated Companies.

1.3 Loans and Facilities granted to the Company

1.3.1 Senior Secured Refinancing Facility

On March 3, 2004, DC AG (as successor of DaimlerChrysler Coordination Center SCS), HVB Luxembourg, BLB, Dresdner Bank, DZ and KfW (DC AG, HVB Luxembourg, BLB, Dresdner Bank, DZ and KfW in their capacity as such lenders of the Company, collectively the "**Senior Lenders**" and each of them individually a "**Senior Lender**"), the Company and ABN Amro Bank N.V. have entered into a facility agreement (the "**Senior Facility Agreement**") regarding the establishment and terms of a senior secured refinancing facility (the "**SHL Senior Secured Refinancing Facility**") to the Company in the principal amount of US$1,645,000,000.00 (in words: one billion six hundred and forty-five million US Dollars) which facility replaced certain term and revolving credit facilities to the Company. As of January 1, 2005, a principal amount of US$1,516,400,000 (in words: one billion five hundred and sixteen million four hundred thousand US Dollars) plus accrued and unpaid interest in the amount of US$ 12,660,738.93 (in words: twelve million six hundred sixty thousand seven hundred thirty-eight US Dollars and ninety-three cents) was outstanding under the SHL Senior Secured Refinancing Facility.

Details as to the respective participation of each Senior Lender in the SHL Senior Secured Refinancing Facility are set forth in **Exhibit 1.3.1** hereto.

1.3.2 Subordinated Loans and Facilities

In addition, DC Services, DC Aerospace, HVB Luxembourg, BLB, Dresdner Bank, DZ and KfW (DC Services, DC Aerospace, HVB Luxembourg, BLB, Dresdner Bank, DZ and KfW in their capacity as such subordinated lenders of the Company, collectively the "**Subordinated Lenders**" and each of them individually a "**Subordinated Lender**"), have entered into the subordinated loan agreements (collectively, the "**Subordinated Loan Agreements**") regarding the provision to the Company of subordinated loans and facilities (collectively, the "**Subordinated Loans**") as set forth in **Exhibit 1.3.2-1** hereto. The principal amounts together with accrued and unpaid interest outstanding under each such Subordinated Loan as of January 1, 2005, are set out in **Exhibit 1.3.2-2** hereto.

The SHL Senior Secured Refinancing Facility and the Subordinated Loans, collectively, are referred to as the "**SHL-Loans**", and the Senior Facility Agreement and the Subordinated Loan Agreements, each including any amendment, supplement and ancillary documents (such as security documents) thereto, collectively, are referred to as the "**SHL-Loan Agreements**". The Senior Lenders and the Subordinated Lenders, collectively, are referred to as the "**SHL-Lenders**", and each of them individually as a "**SHL-Lender**".

2. Sale and Assignment

2.1 Sale and Purchase of the Shares

Subject to the terms of this Agreement, each of the Shareholders hereby sells (*verkauft*) with commercial effect (*wirtschaftlicher Wirkung*) as from (and including) the Effective Date (as defined in Section 4.1.1 below) to the Purchaser any and all of its respective Shares including any dividend rights (*Gewinnbezugsrechte*) for all profits not yet distributed on the Effective Date and any other ancillary rights for the period as from (and including) the Effective Date and any other ancillary rights pertaining to the respective Shares. The Purchaser hereby purchases the Shares from the Shareholders in accordance with the foregoing sentence.

2.2 Sale and Purchase of the SHL-Loans

Subject to the terms of this Agreement, each of the SHL-Lenders hereby sells (*verkauft*) with commercial effect (*wirtschaftlicher Wirkung*) as from (but excluding) the Closing (as defined in Section 4.5 below) to the Purchaser its respective entire participation in the SHL-Loans including any and all respective rights and obligations under the SHL Loan Agreements. The Purchaser hereby purchases the SHL-Loans including such rights and obligations from the SHL-Lenders in accordance with the foregoing sentence.

From and after the Closing the Purchaser shall hold the SHL-Lenders free and harmless from and against any and all claims based on the doctrine of creditors' prejudice (*Actio Pauliana*) which the Company, any member of the dAF-Consolidated Group and/or any third party may have against any SHL-Lender, in its capacity as lender in respect of any payment received by a SHL-Lender under the SHL-Loans prior to the Closing.

2.3 Transfer and Assignment

The Parties agree that at, and subject to the occurrence of the Closing the Shares shall be transferred (*geleverd*) to the Purchaser by means of the Shares Transfer Deed (as defined in Section 4.5.2 below), and the SHL-Loans shall be transferred *in rem* (*dinglich übertragen*) to the Purchaser by means of the Loans Transfer Documents (as defined in Section 4.5.3 below). The SHL-Loans shall be transferred to the Purchaser with all rights and obligations attached thereto.

3. Purchase Price

3.1 Purchase Price Amount

The aggregate purchase price for the Shares and the SHL-Loans shall be a fixed amount of US$ 1,370,000,000 (in words: one billion three hundred seventy million US Dollars) (i) **plus** any amounts drawn (and outstanding at the Closing) under the US$100,000,000.00 (in words: one hundred million US Dollars) revolving facility ("**Revolving Facility**") that is part of the SHL Senior Secured Refinancing Facility except to the extent that such amounts have been drawn in violation of the Shareholders' obligations under Section 8.7 below, (ii) **plus** any accrued and unpaid interest on the SHL-Loans (including accrued and unpaid interest under the Revolving Facility) until the Closing, and (iii) **less** the aggregate amount of all payments of principal on, or with respect to, the SHL-Loans subsequent to December 31, 2004 (collectively, the "**Purchase Price**"). The Purchase Price and all other payments by the Purchaser to the Sellers shall be allocated to the Sellers as set forth in **Exhibit 3.1**. At least [three (3)] days prior to the Closing Date, the Sellers shall confirm in writing to the Purchaser (i) the amounts drawn under the Revolving Facility in accordance with the foregoing and (ii) the aggregate amount of principal paid (or to be paid prior to the Closing) on the SHL-Loans since December 31, 2004 and (iii) the aggregate amount of principal and interest as will be outstanding on the SHL-Loans at the Closing. For the avoidance of doubt, it is expressly clarified that payments made by the Company to the SHL Lenders between the Effective Date and the Closing in accordance with the terms of the SHL-Loan Agreements in respect of interest accrued on the SHL-Loans up to the Effective Date shall not lead to a reduction of the Purchase Price.

3.2 Payments to the Sellers

At the Closing Date, the Purchaser shall pay, subject to all Closing Conditions being satisfied or waived in accordance with this Agreement and all Closing

Events as set forth in Section 4.5 occurring as contemplated therein, the full Purchase Price to the bank account set forth in **Exhibit 3.2** (the "**Sellers' Bank Account**").

Any other payments to the Sellers under this Agreement, if any, shall be made to the bank account which the respective Seller has notified to the Purchaser at least three (3) Business Days prior to such payment becoming due.

To the extent that payments are to be allocated in accordance to Exhibit 3.1 to a Seller, such Seller has the individual right to claim that such payments be made to the bank accounts indicated in this Section 3.2. For the avoidance of doubt, the Parties agree that Sellers shall exercise jointly all other rights and remedies they have under this Agreement.

3.3 The Purchaser's Bank Account

Any payments to the Purchaser under this Agreement, if any, shall be made to the bank account of the Purchaser which the Purchaser has notified to the Sellers at least three (3) Business Days prior to the respective payment date (the "**Purchaser's Bank Account**").

3.4 Terms of Payments

Any payments under this Agreement shall be made by wire transfer in immediately available funds, value as of the relevant due date set out in this Agreement or otherwise provided by law, free of bank and/or any other fees or charges.

4. Closing

4.1 Dates

Signing Date, Effective Date and Closing Date shall each have the following meaning in this Agreement:

4.1.1 "**Effective Date**" shall be January 1, 2005, 0:00 hours.

4.1.2 "**Signing Date**" shall be the day on which this Agreement is duly notarized.

4.1.3 Unless otherwise agreed in writing between the Parties, "**Closing Date**" shall be the fifth (5^{th}) Business Day after the date on which the last of the Closing Conditions (as defined in Section 4.2 below) has been fulfilled or waived in accordance with Section 4.4 below.

4.2 Closing Conditions

The obligation of the Sellers, on the one hand, and the Purchaser, on the other hand, to perform the Closing shall be subject to the following conditions (collectively, the "**Closing Conditions**") being either fulfilled or, to the extent

permissible under applicable laws, waived by the Party entitled to such waiver pursuant to 4.4 below; provided, that (i) Sellers' obligation to perform the Closing shall not be subject to the fulfillment or waiver of the conditions set forth in Sections 4.2.2, 4.2.4, 4.2.5, 4.2.6 and 4.2.8, and (ii) Purchaser's obligation to perform the Closing shall not be subject to the conditions set forth in Sections 4.2.7 and 4.2.9:

4.2.1 (i) The waiting period under the US Hart-Scott-Rodino Antitrust Improvement Act of 1976 applicable to the transactions contemplated by this Agreement shall have expired or been terminated, and (ii) either (a) the German Federal Cartel Office has confirmed the lack of a filing requirement under the German Act Against Restraints of Competition ("**GWB**") upon receipt of an informal notification letter by the parties, or (b) a clearance of the transaction pursuant to Section 40 Section 1 Sentence 1 GWB or pursuant to Section 40 Section 2 GWB was issued or is deemed to be issued due to the expiration of the relevant waiting periods.

For the avoidance of doubt, the filing to be made with and the clearance to be obtained by the cartel authorities in Brazil, Korea and Mexico in accordance with Section 4.3.2 shall not constitute a Closing Condition.

4.2.2 The Company shall have provided to the Purchaser the following in respect of (a) the ECA Facilities, the MSN 313 Facility and the JOL Facilities with combined outstanding principal amounts (including, without limitation, the equity portion under the JOL Finance Documents) at least equal to 90% of the combined outstanding principal amounts (including, without limitation, the equity portion under the JOL Finance Documents) under all of the ECA Facilities, the MSN 313 Facility and the JOL Facilities, and (b) without in any manner limiting clause (a) above, at least four of the five JOL Facilities:

(a) in respect of each of the agreements listed in **Exhibit 4.2.2(a)** (each, an "**ECA Facility**") and all other financing and lease documents related thereto (the ECA Facilities together with all other financing and lease documents relating thereto (other than the facility agreement dated 23 April 2003 (the "**ECA Facility Agreement**") to the extent that it relates to future ECA financings, but including any related "Mismatch Facility", collectively the "**ECA Finance Documents**"), a written, binding and effective agreement or document (each agreement or document required under Sections 4.2.2(a), 4.2.2(b) and/or 4.2.2(c), a "**Waiver**", and all such required agreements and documents, collectively, the "**Waivers**") from each of the ECA Agents and (if any) the "Mismatch Agents" (each as defined in the ECA Facility Agreement) substantially to the effect that it waives, or confirms inapplicability of, any right it may have under any ECA Finance Documents by reason of the transfer of the Shares as contemplated by this Agreement (the "**Share Transfer**"), which rights principally

consist of the right to (A) require good faith discussions with a view to agreeing to alternative arrangements and

conditions in respect of such ECA Finance Documents, provided that in the event such good faith discussion have taken place it would be sufficient to receive written confirmations by the ECA Agents and (if any) the Mismatch Agents that such discussions took place and that such requirement has been fully satisfied in accordance with the ECA Finance Documents, (B) terminate any lease agreement forming part of the respective ECA Finance Documents, and/or (C) accelerate or cause to become due any loan made under the ECA Finance Documents;

(b) in respect of each of the financing and lease documents in respect of the Aircraft with manufacturer's serial number 313 as listed in **Exhibit 4.2.2(b)** (collectively the "**MSN 313 Finance Documents**"; the transactions contemplated by the MSN 313 Finance Documents are collectively referred to as the "**MSN 313 Facility**"), a Waiver from each of the Agent, the Lessor and the Lenders (each as defined in the MSN 313 Finance Documents) substantially to the effect that it waives, or confirms inapplicability of, (i) any right it may have under any MSN 313 Finance Documents by reason of the Share Transfer, which rights principally consist of the right to require good faith discussions with a view to agreeing to alternative arrangements and conditions in respect of such MSN 313 Finance Documents, provided that in the event such good faith discussion have taken place it would be sufficient to receive written confirmations by the Agent, the Lessor and the Lenders that such discussions took place and that such requirement has been fully satisfied in accordance with the MSN 313 Finance Documents and (ii) any termination (automatic or otherwise) of, or required payment or acceleration under, the MSN 313 Finance Documents by reason of the Share Transfer;

(c) in respect of each of the agreements listed in **Exhibit 4.2.2 (c)** (each, a "**JOL Facility**") and all other financing and lease documentation relating thereto (the JOL Facilities, together with all other financing and lease documentation relating thereto, collectively he "**JOL Finance Documents**"), a Waiver from each of the respective Security Trustees and Lessors (as defined in the JOL Finance Documents) substantially to the effect that it waives, or confirms inapplicability of, (i) any rights that it may have under any documentation in respect of such JOL Finance Documents by reason of the transfer of the Share Transfer, which rights principally consist of the right to (A) require good faith discussions with a view to agreeing to alternative arrangements and conditions in respect of any of the JOL Finance Documents, provided that in the event such good faith discussion have taken place it would be sufficient to receive a written confirmation by the Security Trustees and Lessors that such discussions took place and that such requirement has been fully satisfied in accordance with the JOL Finance Documents, (B) terminate (or serve a notice of termination in respect of) any lease agreement forming part of the respective JOL Finance Documents,

and/or (C) accelerate or cause to become due any loan made under such JOL Finance Documents, and (ii) (under the JOL Finance Documents with respect to the Aircraft with manufacturer's serial number 2084) any termination (automatic or otherwise) of, or required payment or acceleration under, any agreement forming part of the respective JOL Finance Documents by reason of the Share Transfer;

such Waivers in each case of (a)-(c) above to be unconditional and irrevocable and, in particular, not subject to (i) the payment of any fee or similar amount in excess of US$1,000,000 (one million US Dollars) in the aggregate in respect of all of the ECA Facilities, the MSN 313 Facility and the JOL Facilities (minus any amounts which the Sellers may at their sole discretion have paid on behalf of the Company or any dAF-Consolidated Company on or prior to the Closing Date), (ii) change of any terms of such ECA Finance Documents, MSN 313 Finance Documents and JOL Finance Documents (other than any non-economic change, amendment, supplement or other modification which is of an immaterial or non-substantive nature), and/or (iii) change of the terms of the transactions contemplated by this Agreement or the financing thereof, including any requirement to contribute more equity financing to the Company or such financing or to provide any additional security (it being acknowledged, for the avoidance of doubt only, that the Waivers shall not be considered to be conditional solely by virtue of their being conditioned on fees or amounts referred to in the foregoing clause (i) if the aggregate amount thereof is below the threshold specified in such clause (i) and/or their being conditioned upon non-economic changes, amendments, supplements or other modifications referred to in the parenthetical in the foregoing clause (ii)).

For the avoidance of doubt, it is expressly agreed between the Parties that the Sellers shall under no circumstances whatsoever be under an obligation to provide any kind of financings other than pursuant to agreements between any one of the Sellers on the one side and the Company and/or dAF-Consolidated Company on the other side existing at the date hereof.

4.2.3 No preliminary or permanent injunction or other order (including a temporary restraining order) issued by a court or other Governmental or Regulatory Authority of competent jurisdiction being in effect which has the effect of making the purchase and sale contemplated by this Agreement illegal or otherwise prohibiting its consummation or which would otherwise deny the Purchaser its receipt or realization of all or substantially all of the benefits of the purchase and sale contemplated by this Agreement;

4.2.4 None of the following events (hereinafter referred to as "**Material Adverse Effect**") shall have occurred since the Signing Date:

(i) the opening of insolvency proceedings in respect of any of the Sellers, the Company and/or any material

subsidiary of the Company as listed in **Exhibit 4.2.4 (i)**; or

(ii) any other event, development, condition, matter, change or effect outside the ordinary course of the Business which individually or together with other adverse events, conditions, matters, changes or effects outside the ordinary course of the Business has resulted in, or is reasonably likely to result in, one or more negative impacts on the value of the Business taken as a whole, with such value being calculated on the basis of its current and/or reasonably forecasted future cash flows, and/or one or more Losses to the Company and/or the dAF-Consolidated Group taken as a whole aggregating to an amount in excess of US$125,000,000.00 (in words: US Dollars one hundred and twenty-five million).

4.2.5 Each of the Guarantees made by the Sellers in Sections 1.1, 1.2(a), 1.2(b), 1.3(a), 1.3(b), 2 (a), 2 (b), and 9 of Exhibit 5.1 shall have been true and correct in all material respects when made and as of the Closing Date as if made on and as of the Closing Date, unless any Losses resulting from such Breach have been fully remedied.

4.2.6 Each of the other Guarantees made by the Sellers in this Agreement shall have been true and correct when made, provided that the condition set forth in this Section 4.2.6 shall be deemed to have been satisfied if the failure of any such Guarantees to be true and correct, individually or together with other such failures, has not resulted in, and is not reasonably likely to result in, a Loss or Losses to the Company, any dAF-Consolidated Company and/or the Purchaser that has not been fully remedied, aggregating to an amount in excess of US$50,000,000.00 (in words: fifty million US Dollars). The Purchaser shall notify the Sellers immediately after they have become aware of any Guarantee being not true and correct with a view to enable remediation by the Sellers, it being understood that failure of the Purchaser to notify Sellers shall not have any effect on, or prejudice the Purchaser with respect to, whether the Closing Condition under this Section 4.2.6 has been satisfied (*keine Bedingungsvereitelung*).

4.2.7 Each of the guarantees made by the Purchaser in this Agreement shall have been true and correct in all material respects when made and, with respect to the guarantees set forth in Sections 9.1.1, 9.1.2 and 9.1.5, shall also be true and correct in all material respects on and as of the Closing Date as if made on and as of the Closing Date.

4.2.8 The Sellers shall have performed and complied with, in all material respects, with each agreement, covenant and obligation set forth in Sections 2, 3.1, 4.3.1, 8.2.1, 8.2.2, 8.2.3, 8.2.5, 8.2.6, 8.2.8, 8.4, 8.5 and 8.7 to the extent to be performed and complied with on or before the Closing Date.

4.2.9 The Purchaser shall have performed and complied with, in all material respects, each agreement, covenant and obligation required by this Agreement to be so performed or complied with by the Purchaser at or before the Closing.

4.3 Fulfillment of Closing Conditions; Merger Control Filing

4.3.1 The Parties undertake to use all reasonable endeavors and to render to each other all reasonably necessary support and cooperation to ensure that the Closing Conditions are fulfilled as soon as possible after the Signing Date. The Parties shall inform each other in writing without undue delay as soon as any or all of the Closing Conditions shall have been fulfilled. In the event that such written confirmation by a Party that a Closing Condition has been fulfilled is incorrect but Closing has occurred, no Party shall be entitled to withdraw from this Agreement nor to make any claims against the other Parties with respect to such incorrect confirmation, except that any rights of a Party in case of fraud (*Arglist*) and willful wrongdoing (*Vorsatz*) as well as any claims (other than any right to withdraw) due to a Breach or the breach of a covenant, agreement or obligation contained in this Agreement shall remain unaffected.

4.3.2 Without limitation as for the generality of Section 4.3.1, though each Party remains responsible for preparing and making its own required filings, the Shareholders and the Purchaser shall cooperate with one another. The Purchaser shall, and the Shareholders shall cause the Company to (i) make within three (3) Business Days after the Signing Date the filing under Section 4.2.1 above to the US Federal Trade Commission (the "**FTC**") and the US Antitrust Division of the Department of Justice (the "DOJ"). Further, the Purchaser shall (i) notify the German Federal Cartel Office within three (3) Business Days after the Signing Date about this transaction (while the Purchaser and the Shareholders assume that there is no requirement for a merger filing under the German Act Against Restraints of Competition (GWB), the Purchaser shall make within three (3) Business Days a filing to the German Federal Cartel Office if so required by the German Federal Cartel Office), and (ii) make merger filings in Brazil, Korea, Mexico within the notification period under applicable national antitrust laws. The filings with the FTC and DOJ, shall be filed separately by the Purchaser and the Company, as the case may be**,** the notification letter and/or filing with the German Federal Cartel Office and the filings with the cartel authorities in Brazil, Korea, Mexico (collectively, the "**Merger Filings**" and individually a "**Merger Filing**") shall be filed by the Purchaser on behalf of the Shareholders and the Purchaser, after prior written approval of the Shareholders which shall not be unreasonably withheld. The Shareholders shall submit to the Purchaser such documents and other information and shall provide such other assistance to the Merger Filings as is necessary or expedient to obtain clearance of the merger as soon as

reasonably possible. The Purchaser shall undertake or cause to be undertaken all reasonable steps necessary to remove

any impediments, restrictions, or conditions that may affect the Closing Conditions (other than the Closing Conditions set forth in Section 4.2.2 in respect of which the covenants set forth in Section 8.9 below shall apply) including, but not limited to, the Purchaser's selling or divesting, or taking on the obligation for a sale or divestment, of shares or tangible or intangible assets or business operations of the dAF-Consolidated Group and/or the Associated Companies or any part thereof as necessary to receive the approval or clearance of competition or antitrust authorities in all jurisdictions referred to in Section 4.2.1, or to remove any decision, order, decree, complaint, injunction, or other impediment or restriction which impedes or threatens to impede the Closing.

4.4 Waiver of Closing Conditions

The Purchaser may waive the Closing Conditions set forth in Sections 4.2.2, 4.2.4, 4.2.5, 4.2.6 and 4.2.8 by written notice to the Sellers and the Sellers may waive the Closing Conditions set forth in Sections 4.2.7 and 4.2.9 by written notice to the Purchaser. The effect of a waiver shall be limited to eliminating the respective Closing Condition and shall not prejudice any claims any Party may have on the basis of any circumstances relating to the non-fulfillment of such Closing Condition.

4.5 Closing Events

On the Closing Date the following events (the "**Closing Events**") which in their entirety shall constitute the "**Closing**" shall be or shall have been performed simultaneously (*Zug um Zug*) at the offices of NautaDutilh N.V., Amsterdam, or such other place or date as agreed by the Parties:

4.5.1 The Purchaser shall

(i) pay on its own behalf the Purchase Price to the Sellers' Bank Account set forth in Exhibit 3.2, and the Notary shall receive a written confirmation of receipt of such payment from the bank keeping such account; and

(ii) on behalf and in the name of the relevant Shareholders, pay up the outstanding amounts of the shares identified in Schedule 1.2. (b) to Exhibit 5.1 to the bank account of the Company set forth in **Exhibit 4.5.1 (ii)** and the Sellers and the Notary shall receive a written confirmation of receipt from the bank keeping such account;

4.5.2 The Shareholders shall transfer the Shares to the Purchaser by means of a notarial deed, substantially in the form attached hereto as **Exhibit 4.5.2** and to be executed by the Shareholders, the Purchaser and the Notary (the "**Shares Transfer Deed**").

4.5.3 The Senior Lenders shall transfer the SHL Senior Secured Refinancing Facility together with any and all rights and obligations under the Senior Facility Agreements to the Purchaser by means of a transfer certificate, substantially in the form attached hereto as **Exhibit 4.5.3-1** and to be executed by the Senior Lenders and the Purchaser; the Subordinated Lenders shall transfer the Subordinated Loans together with any and all rights and obligations under the Subordinated Loan Agreements to the Purchaser by means of a transfer certificate, substantially in the form attached hereto as **Exhibit 4.5.3-2** and to be executed by the Subordinated Lenders and the Purchaser (the transfer certificates attached hereto as Exhibits 4.5.3-1 and 4.5.3-2, collectively, the "**Loans Transfer Documents**").

4.5.4 The Sellers shall deliver to the Purchaser duly executed letters of resignation of all members of the supervisory board of the Company listed in **Exhibit 4.5.4**.

4.5.5 The Company shall have delivered to the Purchaser a certificate, executed by a duly authorized officer of the Company, acknowledging the transfer of the Shares to the Purchaser and acknowledging and agreeing with the transfer of the SHL-Loans to the Purchaser.

It being agreed that all Closing Events pursuant to this Section 4.5 shall be regarded as one and single transaction so that, at the option of the Party having an interest in the carrying out of the specific Closing Event, no Closing Event shall be deemed to have taken place unless and until all other Closing Events shall have taken place or waived as provided in this Agreement.

4.6 Waiver of Closing Events

The Purchaser may waive the Closing Events set forth in Sections 4.5.2 through 4.5.5 by written notice to the Sellers, and the Sellers may waive the Closing Event set forth in Section 4.5.1 by written notice to the Purchaser. The effect of a waiver in each case shall be limited to eliminating the respective Closing Event and shall not prejudice any claims the relevant Party may have on the basis of any circumstances relating to the non-fulfillment of such Closing Event.

4.7 Closing Confirmation

After all Closing Events have been performed or waived in accordance with this Agreement, the Sellers and the Purchaser shall confirm in a written document to be jointly executed by the Sellers and the Purchaser (the "**Closing Confirmation**") that the Closing has occurred. For the avoidance of doubt, the legal effect of such Closing Confirmation shall be limited to serve as evidence that the Closing has occurred, but shall not limit or prejudice in any manner the rights of a Party arising under this Agreement or under the law.

4.8 Right to Withdraw

4.8.1 Unless the Parties agree otherwise in writing, in the event that:

(i) the Closing has not occurred within ninety (90) calendar days after the Signing Date, or

(ii) (a) as of any date, the Closing Condition set forth in Section 4.2.2 is not capable of being satisfied solely due to receipt by the Purchaser of one or more Final Refusals with respect to one or more of the ECA Facilities, MSN 313 Facilities and/or JOL Facilities, and (b) twenty-eight (28) Business Days following such receipt of Final Refusals which make the Closing Condition set forth in Section 4.2.2 not capable of being satisfied, the Purchaser shall not have granted such waivers and/or Final Refusals shall not have been withdrawn so that the Closing Condition set forth in Section 4.2.2 is capable, then or in the future, of being satisfied, either the Sellers, on the one hand, or the Purchaser, on the other hand, may withdraw from this Agreement by written notice to the other Parties, unless the non-fulfillment of the Closing Conditions not being fulfilled, or the non-performance of the Closing Events not being performed, as the case may be, is within the control of the Party stating the withdrawal, and provided, that this Section 4.8 shall not apply (and any withdrawal notice shall be deemed void) following the occurrence of the Closing.

4.8.2 The effect of a withdrawal shall be limited to eliminating the obligations of the Parties to consummate this Agreement and shall not prejudice any claims the withdrawing Party may have on the basis of any circumstances relating to the failure of the respective other Party to achieve fulfillment of any covenant or agreement contained in this Agreement. Sections 7, 12, 13 and 14 below shall remain unaffected from any such withdrawal. Any right to withdraw from this Agreement may only be exercised, in the case of the Sellers, by joint declaration of Sellers, and in the case of the Purchaser, by declaration of the Purchaser, and any such withdrawal shall have effect on the entire Agreement and for all Parties hereto.

5. Guarantees of the Sellers

5.1 Independent Guarantees

The Sellers hereby represent and warrant to the Purchaser by way of independent guarantees (*selbständige Garantieversprechen*) within the meaning of Section 311 para. 1 of the German Civil Code (*BGB*) that the statements set out in **Exhibit 5.1** hereto including the disclosure schedules (the "**Disclosure Schedules**") attached thereto (**Exhibit 5.1** and the Disclosure Schedule, collectively, the "**Guarantees**") are each correct as of the Signing Date and, with respect to the Guarantees set forth in Sections 1.1, 1.2(a), 1.2(b), 1.3(a), 1.3(b), 2(a), 2(b) and 9 of **Exhibit 5.1**, shall also be correct as of the Closing Date (as if made on and as of Closing Date), and it being further agreed that:

(i) the Sellers' aggregate and individual liability shall be subject to the procedures, modalities and limitations, including the defined Recoverable Claims, Deductible and Liability Cap, each as set forth in Sections 6 and 7 below (such procedures, modalities and limitations forming an integral part of the Guarantees themselves and the allocation of risks agreed between the Parties),

(ii) the liability of each Seller for monetary damages under the Guarantees and any other provision of this Agreement shall be limited to the percentage of the total liability set forth in **Exhibit 5.1 (ii)**; and in no case shall any liability of a Seller constitute a joint and several liability (*Gesamtschuld*) of all Sellers, but rather each Seller shall only be held liable separately as an individual and single debtor (*Teilschuldner*) for such percentage of such total liability, and no Seller shall be held liable merely for reason of one of the other Sellers not having properly fulfilled any of the Sellers' obligations under this Agreement, and no Seller's acts, omissions or knowledge shall be construed so as to constitute the other Sellers' acts, omissions or knowledge, provided, however, that in the event of a Breach by any Seller of its obligations under Sections 4.3.1, 4.3.2, 4.5, 4.7, 5 (except as set forth in Section 5.1 (iii), (iv) and (vii)), 6, 7, 8.1, 8.2, 8.4, 8.5, 8.7, 8.9 and 8.10 each Seller shall be liable for such Breach up to such Seller's percentage of the total liability set forth in Exhibit 5.1 (ii) (without affecting the right of the Sellers not being responsible for such Breach to take recourse against the Sellers having breached their obligations to close).

(iii) Guarantees under Section 1.2 of Exhibit 5.1 shall be deemed to have exclusively been given by each of the Shareholders separately and only with regard to those Shares respectively held by it,

(iv) Guarantees under Section 9 of Exhibit 5.1 shall be deemed to have exclusively been given by each of the SHL-Lenders separately and only with regard to its respective participation in the SHL-Loans,

(v) in view of these procedures, modalities and limitations the Guarantees shall neither constitute a warranty of the condition (*Beschaffenheitsgarantie*) within the meaning of Section 444 of the German Civil Code (*BGB*) nor an agreement on the condition (*Beschaffenheitsvereinbarung*) within the meaning of Section 434 (2), first sentence, of the German Civil Code (*BGB*),

(vi) any and all Sellers' liability for defects in title and/or quality under statutory law (*gesetzliche Rechts- und Sachmängelgewährleistung des Verkäufers*) shall be excluded, and

(vii) no Seller shall have any liability based on fraud (*Arglist*) or willful wrongdoings (*Vorsatz*) solely on the basis of fraud (*Arglist*) or willful wrongdoings (*Vorsatz*) of any other Seller unaffiliated with it.

5.2 Sellers' Knowledge

If and to the extent any of the Guarantees is made subject to the "**Sellers' Knowledge**" that term shall be limited to the actual knowledge (*positive Kenntnis*) as of the Signing Date of any of the Persons listed on **Exhibit 5.2**. However, with respect to the Guarantee set forth in Section 10.1 of Exhibit 5.1 the term "Sellers' Knowledge" shall be limited to the actual knowledge of any of Klaus Heinemann, Heinrich Loechteken and Cole Reese.

5.3 Due Diligence

The Purchaser, together with its professional financial, tax, legal and other advisors, has conducted its own due diligence investigation concerning (i) the Company and the dAF-Consolidated Group including their assets and their financial, tax, legal and other affairs, and (ii) the Business. In particular, but without limitation, the Purchaser has made its independent valuation and/or assessment of the assets recorded on the Audited Financial Statements 2004, the sufficiency of certain provisions, accruals and reserves recorded on the Audited Financial Statements 2004, the economic terms of any Leases, Headleases, Loan Facilities and Material Contracts as well as of the Business as a whole. Therefore, the Purchaser expressly confirms that it enters into this Agreement solely based on its terms (including the Guarantees) and that, except for the Guarantees, they place no reliance whatsoever on any express or implied representations, warranties or guarantees of any nature made, or information provided, by the Sellers or third parties acting, or purporting to act, on behalf of the Sellers. Further, it is expressly clarified that the Sellers, except for the Guarantees, do not make or give any other representations, warranties and/or guarantees. Without limiting the generality of the foregoing, the Purchaser acknowledges and agrees that, except as specifically included in the Guarantees, the Sellers make or give no representation, warranty and/or guarantee and shall not be responsible, with respect to any projections, estimates or budgets delivered or made available to the Purchaser of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) or the future business and operations of the Company or the dAF-Consolidated Group. For the avoidance of doubt, it is being understood by the Parties that the provisions set forth in this Section 5.3 shall not inure for the benefit of the Company's auditors.

6. Remedies

6.1 Breach

In the event that any of the Guarantees should prove to be incorrect or Sellers' shall have failed to perform or fulfill any agreement or covenant contained in this Agreement (a "**Breach**"), the Sellers shall have the right – but not the obligation – to place the Purchaser or, at the Purchaser's request, alternatively the respective dAF-Consolidated Company, in the same position the Purchaser or such dAF-Consolidated Company, respectively, would be in if the Guarantee had been correct (*Naturalrestitution – the "**Restitution in Kind**"*).

From and after the Closing Date, the Purchaser shall, within ten (10) Business Days of obtaining actual knowledge of an actual or potential Breach, notify the Sellers of such alleged Breach in writing, describing the potential claim in reasonable detail and, to the extent then possible, state the estimated amount of such claim and give the Sellers the opportunity to remedy the Breach (each such notice to be made by the Purchaser a "**Breach Notice**"). If the Sellers are unable to achieve this position within thirty (30) Business Days after having received a Breach Notice, or Losses are suffered or incurred that have to be compensated by the Sellers under this Section 6.1 despite the Restitution in Kind, the Purchaser shall be entitled to monetary compensation (*Schadensersatz in Geld*) for the Losses suffered or incurred by any of the Purchaser, the Company or any dAF-Consolidated Company arising out of the Breach or the facts or circumstances giving rise to the Breach. If and to the extent the Company owns directly or indirectly as of the Closing Date (calculated on a look-through basis) less than 100% of the equity of any dAF-Consolidated Company, any monetary compensation to be paid by the Sellers to the respective dAF-Consolidated Company or the Purchaser shall be prorated in accordance with the equity shareholding held by the Company as of the Closing Date in the respective company.

6.2 Cooperation of the Parties

If and to the extent any remedial action by one Party requires the cooperation of any other Parties, such other Parties shall, at the remediating Party's request, take all commercially reasonable steps the remediating Party may reasonably request from such other Parties, provided, however, that the reasonable costs of such cooperation shall generally be borne by the Party requesting the cooperation, unless reasonably agreed otherwise.

6.3 Third Party Claims

The Purchaser shall, within three 3 Business Days, give notice to the Sellers of any claim, suit, action or proceeding brought or threatened by a third party (including the Affiliates of the Sellers and the Purchaser other than the Company and the dAF-

Consolidated Companies) including, for the avoidance of doubt, any audits or examinations by tax, environmental or other Governmental or Regulatory Authorities in respect of which the Purchaser may raise claims under Section 6.1 against any Seller hereunder (a "**Third Party Claim**").

In each case of a Third Party Claim the Purchaser shall (i) make available to the Sellers a copy of the documents substantiating the Third Party Claim and of all documents relating to the Third Party Claim, (ii) ensure that Sellers be provided with all materials, information and assistance they deem relevant in relation to the Third Party Claim, (iii) be given reasonable opportunity to comment or discuss with the Purchaser, the Company and/or the relevant dAF-Consolidated Company any measures that are necessary or appropriate to take or omit in connection with a Third Party Claim, (iv) give the Sellers an opportunity to review and comment on reports of, and to participate in, relevant Tax and social security audits or other measures and receive without

undue delay copies of all relevant orders (*Bescheide*) of any Governmental or Regulatory Authority, (v) fully cooperate with the Sellers, (vi) provide the Sellers and their advisors with reasonable access during normal business hours and permit the Sellers and their advisors to consult with the directors, employees, representatives and advisors of the Purchaser, the Company and relevant dAF-Consolidated Companies.

Any admission of liability made by or on behalf of the Purchaser, the Company or dAF-Consolidated Companies in relation to the Third Party Claim or any compromise or settlement, made without the prior written consent of the Sellers, shall not be binding on the Sellers as to the legal situation or the underlying facts.

The failure of the Purchaser to comply with its obligations under this Section 6.3 shall release the Sellers from their respective obligations under Section 6.1 above or any other liability to the Purchaser for reason of the Third Party Claim, if and to the extent that the Purchaser's failure to comply with the obligations under this Section 6.3 has actually prejudiced the Sellers in any material respect with respect to such Third Party Claim.

If a Breach occurred, any and all costs and expenses incurred by the Sellers in defending such Third Party Claim shall be borne by the Sellers. If a Breach did not occur, any and all costs and expenses incurred by the Sellers in connection with the defense (including reasonable advisor's fees) shall be borne by the Purchaser.

7. Limitations of Liability

7.1 Liability Cap

The aggregate liability of all Sellers under this Agreement shall be limited to US$100,000,000.00 (in words: one hundred million US Dollars) (the "**Liability Cap**"), provided that (i) claims based on fraud (*Arglist*) or willful wrongdoings (*Vorsatz*) by the Sellers (for the avoidance of doubt, any fraud or willful wrongdoing on the part of the Persons listed on Exhibit 5.2 shall not, in and of itself, be deemed to constitute fraud or willful wrongdoing on the part of the Sellers for purposes of this Agreement), and (ii) claims based on (A) a Breach of the Guarantees set forth in Sections 1.1, 1.2, 1.3 and 9 of Exhibit 5.1, or (B) a Breach of the covenants and obligations set forth in Sections 2, 3.1, 4.5, 8.2.1 through 8.2.3 and 8.3 shall not be subject to or counted against this limitation. In no event shall the aggregate liability of an individual Seller under or in connection with this Agreement exceed the amount of the Purchase Price received by such Seller in accordance with Exhibit 3.1, except for claims based on fraud (*Arglist*) or willful wrongdoings (*Vorsatz*).

7.2 Recoverable Claims; Deductible

The Sellers' liability under Sections 5 and 6 or any other provision of this Agreement with respect to a Breach (in case of a covenant or obligations of the Sellers under this Agreement only with respect to Sections 4.3.2, 8.3, 8.4.1

through 8.4.5, 8.8 and 12.1) shall apply (i) only with respect to claims which, on a stand-alone basis or as a series of connected claims (i.e. any claims relating to the same (*gleiche*) matter that gave rise to the Breach), exceed the amount of US$2,000,000.00 (in words: two million US Dollars) (collectively, the "**Recoverable Claims**"), provided that any and all Recoverable Claims shall be covered in their full amount, and (ii) only if, and to the extent, the Purchaser's Recoverable Claims, in the aggregate, exceed US$20,000,000.00 (in words: twenty million US Dollars) (the "**Deductible**"), provided, however, that any claims based on (a) fraud (*Arglist*) and willful wrongdoings (*Vorsatz*) by the Sellers, (b) a Breach of the Guarantees set forth in Sections 1.2, 1.3, 2 (other than Sections 2(f), (j), (n) and (o) which shall be subject to the provisions set forth in this Section 7.2 relating to the Recoverable Claims), 9 or 16 of Exhibit 5.1 shall neither be subject to the provisions set forth in this Section 7.2 relating to the Recoverable Claims nor to the Deductible.

7.3 No Double Dip

The Parties are in agreement that where one and the same Loss has been caused by several breaches of this Agreement or by a breach of several provisions of this Agreement the Party incurring or suffering such Loss shall be entitled to receive monetary damages in the amount of such Loss only once.

7.4 Exclusion of Liability

The Sellers shall not be liable for, and the Purchaser shall not be entitled to claim *Restitution in Kind* or monetary compensation (*Schadenersatz in Geld*) with respect to Breaches and/or Losses caused by a Breach if and to the extent that:

7.4.1 a matter and the consequences to which the claim of the Purchaser relates has been taken into account or disclosed in the Audited Financial Statements 2004, e.g. as a liability (*Verbindlichkeit*), by way of a ordinary depreciation (*planmäßig Abschreibung/Wertberichtigung*), or exceptional depreciation (*außerplanmäßige Abschreibung/Wertberichtigung*), or depreciation to reflect lower market values (*Abschreibung/Wertberichtigung auf den niedrigeren beizulegenden Wert*), or as an accrual (*Rückstellung*), as the case may be;

7.4.2 any Tax for which the Company or any of the dAF-Consolidated Companies is or will become liable has been or will be actually reduced (including the present value – calculated in accordance with past accounting practices – of future Tax savings due to increased Tax losses carried forward) as a result of the matter giving rise to a claim of the Purchaser under the Guarantees;

7.4.3 the amount of the claim of the Purchaser is recovered or can actually be recovered from a third party (including under an insurance policy in force on the Closing Date or thereafter and excluding any such third party who would in turn be entitled to be indemnified or compensated

by the Company or any dAF-Consolidated Company in respect of such recovery), the Purchaser being bound to first engage its commercially reasonable efforts short of litigation in recovering any recoverable amounts from such third parties. Should the amount of the claim of the Purchaser recoverable from a third party not be recovered through commercially reasonable efforts short of litigation, the Purchaser shall be entitled to compensation (*Restitution in Kind* or monetary compensation) from Sellers under this Section 7, but shall undertake to assign and transfer to the Sellers any rights and/or claims the Purchaser may have against such third party;

7.4.4 the Purchaser failed after the Closing Date to use commercially reasonable efforts to mitigate and to limit the scope of the damage incurred in accordance with Section 254 German Civil Code ("**BGB**"), it being understood that the Sellers shall have the burden of proof with respect to showing that the Purchaser has failed to so mitigate;

7.4.5 the matter and relevant facts to which the claim of the Purchaser relates, were actually known by any of the individuals set forth in **Exhibit 7.4.5** prior to notarization of this Agreement, it being understood that the Sellers shall have the burden of proof with respect to showing that such individuals had any such actual knowledge, provided, however, that such individuals are deemed to know the contents of this Agreement, the Exhibits and the Schedules.

7.4.6 the claim of the Purchaser results from, or is increased by,

(i) the passing or any change after the Signing Date of any law, regulation, order or administrative practice of any Governmental or Regulatory Authority;

(ii) any retroactive tax consequences for any time period up to and including the Closing Date resulting from any restructuring, undertaking, change in business policy or other measures implemented after Closing.

7.5 Statute of Limitation

7.5.1 All claims of the Purchaser for Breaches of the Guarantees and the covenants, agreements and obligations of the Sellers under Sections 4.3.2, 8.2, 8.3, 8.4, 8.5 and 8.7 shall become time-barred on June 30, 2006, save (i) all claims of the Purchaser in respect of a Breach of Guarantees as set forth in Sections 1.2, 1.3 and 9 of Exhibit 5.1 which each shall become time-barred on the seventh (7^{th}) anniversary of the Closing Date, and (ii) all claims of the Purchaser in respect of a breach of Guarantees as set forth in Section 17 of Exhibit 5.1 which shall – in relation to the time periods covered by the respective assessment – become time-barred for each Tax six (6) months after the date of the final, non-appealable assessment concerning the respective Tax. Claims based on fraud (*Arglist*) or willful wrongdoing (*Vorsatz*) shall be subject to the statutory limitation period (*gesetzliche Verjährungsfrist*).

7.5.2 The Purchaser's obligation to indemnify and hold harmless under Section 2.2 shall become time barred one (1) year after all claims which the Company, a member of the dAF-Consolidated Group and/or any third party may have against the SHL-Lenders in connection with the SHL-Loans have become time barred.

7.6 Suspension and Restart

The limitation period for any claims of the Purchaser under this Agreement shall be suspended (*gehemmt*) pursuant to Section 204 BGB by any properly and timely delivered Breach Notice, provided that the Purchaser commences the proceedings pursuant to Section 14.9 (arbitration) below within six (6) months after delivery of the Breach Notice, or shall restart pursuant to Section 212

BGB through a timely notice of the acknowledgment (*Anerkenntnis*) of the respective claim. Section 203 BGB shall not apply.

7.7 Remedies

7.7.1 To the extent permitted by law, other than with respect to a claim of fraud (*Arglist*) or willful wrongdoing (*Vorsatz*), any further claims and remedies by or for any Party, other than those claims and remedies explicitly provided for in this Agreement, irrespective of which nature, amount or legal basis, are hereby expressly waived and excluded, in particular, without limitation, any claims under pre-contractual fault (Section 311 para. 2 and 3 BGB), breach of para-contractual and contractual duties (Sections 241 para. 2 and 280 et seq. BGB) or liability in tort (*Delikt*), any right to reduce the Purchase Price (*Minderung*) and (save for Section 4.8 of this Agreement) any right to rescind or otherwise wind-up this Agreement (*Rücktritt oder sonstige Rückabwicklung*).

7.7.2 In addition to any other remedies a Party may have under this Agreement, it is agreed that any Party shall be entitled to an injunction or injunctions (i) to prevent breaches of this Agreement, and (ii) to enforce specifically the terms and provisions hereof in each case of (i) and (ii) in the competent courts in Frankfurt am Main, Germany.

8. Other Covenants

8.1 Purchaser's Access

During the period from the Signing Date through the Closing Date, the Sellers will, and the Shareholders will cause the Company and the dAF-Consolidated Group as the case may be, and to the extent legally permitted, to:

8.1.1 promptly provide the Purchaser and any Person acting as a representative of the Purchaser with copies of the Daily Receivable Report, Weekly GAM/TCM Report, Weekly Technical Status Report, Monthly Treasury Report, Monthly Watchlist Report and Quarterly

Risk Management Report as and when those reports have been prepared in accordance with past practice;

8.1.2 provide the Purchaser with reasonable opportunities to meet upon sixty (60) hours prior written notice or to have telephone conferences with the managing directors of the Company upon 24 hours prior written notice, to the Sellers and the Persons as identified in **Exhibit 8.1.2,** such notice to include a detailed agenda with all items to be discussed, provided that (i) such meetings or telephone conferences shall be held during normal business hours, (ii) representatives of the Sellers shall be given a reasonable opportunity to monitor and/or attend any or all of such meetings and (iii) the purpose of such meetings shall be limited to (A) the discussion of the aforesaid reports (including updates), (B) obtain all appropriate information (on the operations of the Business) to enable the Purchaser to grant or withhold consent of items covered in Section 8.4 below in an informed and prudent manner, (C) assist with the development and preparation of temporary and permanent financing, which shall however only be implemented upon or after the Closing, and (D) the matters contemplated in Section 8.9, in each case of (A)-(D) if and to the extent permitted under applicable antitrust laws; and

8.1.3 furnish the Purchaser copies of further documents reasonably requested in order to evaluate and discuss the issues set forth in Section 8.1.2.

It is being understood that the Shareholders shall be deemed to have performed all their obligations under this Section 8.1 by passing the shareholders' resolution attached as **Exhibit 8.1** without undue delay after the Signing Date, a copy of such resolution to be sent by registered mail or personally handed over to Mr. Bodo Uebber, as chairman of the Company's supervisory board, and Klaus Heinemann and Heinrich Loechteken as members of the management board as soon as possible (*unverzüglich*) after passing of such resolution. If the Purchaser notifies the Sellers of any non-compliance by management with such resolution Sellers shall, if such complaints are substantiated, discuss with Purchaser appropriate steps, if any, which could be taken to address such non-compliance.

8.2 Corporate Matters; Disposals and Other Transactions

During the period from the Signing Date through to and including the Closing Date, the Shareholders (with respect to Sections 8.2.1, 8.2.2 and 8.2.4 through 8.2.9) and the SHL-Lenders (with respect to Section 8.2.3) shall not, and the Shareholders shall cause the Company not to, without the prior written consent of the Purchaser:

8.2.1 except as disclosed in **Exhibit 8.2.1**, take any action with respect to the Company or any member of the dAF-Consolidated Group regarding (i) the liquidation, dissolution, corporate reorganization or recapitalization of the Company or any member of the dAF-Consolidated Group, (ii) any change of the articles of association of the Company or any

member of the dAF-Consolidated Group, (iii) any transformation or conversion of the Company or any member of the dAF-Consolidated Group or any merger or business combination of the Company or of any member of the dAF-

Consolidated Group with any Person or any split off of assets and/or liabilities, (iv) any change in the rights of any Shareholder or attached to any Share (v) the reduction of the capital stock of the Company, and (vi) the authorization or issue of any new shares or rights thereto, or of profit rights or other securities;

8.2.2 sell, transfer, create any encumbrances on or otherwise dispose of the Shares, or grant any options, warrants, pre-emptive rights, rights of first refusal or other rights to purchase or obtain the Shares;

8.2.3 sell, transfer, create any encumbrances on or otherwise dispose of the SHL-Loans, or grant any options, warrants, pre-emptive rights, rights of first refusal or other rights to purchase or obtain the SHL-Loans;

8.2.4 enter into any new agreements between the Company or any dAF-Consolidated Company on the one side and advisors and/or consultants on the other side with respect to services to be provided in direct relation to the transactions contemplated under this Agreement and having an anticipated fee volume in excess of US$200,000 in the individual case or US$1,000,000 in the aggregate, it being agreed, for the avoidance of doubt, that the Company or any dAF-Consolidated Company shall in any event be allowed to continue – upon the terms as applied in the past – retaining advisors and/or consultants in relation to the transactions contemplated under this Agreement, provided that these advisors and/or consultants have not been retained for the exclusive benefit of the Sellers (for the avoidance of doubt, the Parties agree that KPMG, De Brauw and Mc Cann Fitzgerald are permitted expenditures of the Company and that expenditures for Rothschild and Baker & McKenzie LLP incurred for services in connection with this transaction are borne by the Sellers);

8.2.5 except for (i) payment of interest accruing on the SHL-Loans up to the Closing in accordance with the respective terms of the SHL-Loan Agreements, (ii) intra-group transactions, and (iii) as set forth in **Exhibit 8.2.5**, declare or pay any dividend or make any hidden profit distributions in respect of the Shares;

8.2.6 except for dispositions inside the dAF-Consolidated Group and except for dispositions to the exclusive benefit of the Company and except as set forth in **Exhibit 8.2.6**, authorize, issue, sell or otherwise dispose of any shares of capital stock of or option with respect of the Company or any dAF-Consolidated Company, or modify or amend any right of any holder of any outstanding shares of capital stock of or option with respect to the Company or any dAF-Consolidated Company;

8.2.7 except to the extent required by applicable law or as set forth in **Exhibit 8.2.7** and except for transactions in the ordinary and usual

course of business in accordance with past practice, (i) increase in cash or kind the compensation or compensation arrangements of any director, officer or employee whose annual compensation is, or after giving effect to such change would be, US$250,000 (two hundred and fifty thousand US Dollars) or more, except for bonuses accrued over and in respect of the financial year 2004, provided for in the Audited Financial Statements 2004 and payable in or about March 2005, (ii) establish or terminate (partial or complete) or materially modify any Benefit Plan, or (iii) adopt, enter into any Benefit Plan;

8.2.8 except as set forth in **Exhibit 8.2.8**, enter into a transaction constituting (i) any material recapitalization or corporate reorganization of the Company or any dAF-Consolidated Company (except for entities in the process of liquidation, merger or dissolution or entities of which the articles of incorporation or association (or any comparable instrument under any applicable jurisdiction) are being amended, as listed in Schedule 1.3 (aa) to Exhibit 5.1), or (ii) any split off, merger or other business combination involving both (A) the Company or any dAF-Consolidated Company, and (B) any other Person; or

8.2.9 except for immaterial transactions and agreements in the ordinary course of business or as set forth in **Exhibit 8.2.9**, engage in any transaction or enter into any agreement between any of the Sellers or their Affiliates (other than the Company or a dAF-Consolidated Company) on the one hand and the Company or any dAF-Consolidated Company on the other hand, at economic terms which are not at arm's-length.

It is being understood that the Shareholders shall be deemed to have performed their obligations to cause the Company not to take any of the action under this Section 8.2 by passing the shareholders' resolution attached as Exhibit 8.1 without undue delay after the Signing Date a copy of such resolution to be sent by registered mail or personally handed over to Mr. Bodo Uebber, as chairman of the Company's supervisory board, and Klaus Heinemann and Heinrich Loechteken as members of the management board as soon as possible (*unverzüglich*) after passing of such resolution. If the Purchaser notifies the Sellers of any non-compliance by management with such resolution Sellers shall, if such complaints are substantiated, discuss with Purchaser appropriate steps, if any, which could be taken to address such non-compliance.

8.3 No Solicitation

From the date hereof until either (i) the Closing Date, or (ii) the date this Agreement is terminated in accordance with its terms, or (iii) the date the Sellers or the Purchaser withdraw from this Agreement in accordance with Section 4.8, as the case may be, the Sellers will not take, nor will they authorize, cause or knowingly permit any investment banker, financial advisor, attorney, accountant or other Person retained by or acting for or on behalf of the Sellers or the Company to take, directly or indirectly, any further action (including by furnishing confidential information with respect to the

Company or the dAF-Consolidated Group or permitting access to the Assets and Properties and Books and Records of the Company or the dAF-Consolidated Group) to solicit, encourage, consider or negotiate any offer or inquiry from any Person concerning any proposal for a merger or other business combination to which the Company or any dAF-Consolidated Company would be a party or any direct or indirect acquisition of any equity or debt interest in, or a substantial portion of the assets of, the Company or the dAF-Consolidated Group.

8.4 Interim Management

During the period from the Signing Date through to and including the Closing Date, the Shareholders shall cause the Company and the dAF-Consolidated Group to conduct the Business materially in the ordinary and usual course consistent with past practices, in particular, without limitation to the foregoing, unless the Purchaser expressly consents otherwise (which consent shall not be unreasonably withheld), to:

8.4.1 maintain, in all material respects and in accordance with past practice, the working order and condition of their properties and assets;

8.4.2 maintain the Books and Records of the Company and the dAF-Consolidated Group in the usual, regular and ordinary manner;

8.4.3 continue to conduct their businesses in the ordinary course materially consistent with past practice, including but not limited to using all commercially reasonable efforts to preserve the business organization and reputations of the Company and the dAF-Consolidated Group and continuing all current sales, marketing and promotional activities relating to the Business, and abstain from entering into any transaction other than materially in the ordinary and usual course of business;

8.4.4 use commercially reasonable efforts to continue to maintain existing business relationships and goodwill with suppliers, lessees and other customers; and

8.4.5 use commercially reasonable efforts to keep available the services of their present officers and employees, it being understood that neither the Sellers, nor the Company nor the dAF-Consolidated Group shall be obliged to offer benefits not consistent with past practices.

For the avoidance of doubt, it is agreed that *inter alia* the following matters shall be deemed to be conducted in the ordinary and usual course of business and not to constitute a Material Adverse Effect:

(i) accepting deliveries of Aircraft Assets in accordance with the terms of the Forward Order;

(ii) exercising the cancellation options under the Forward Order; and

(iii) incurring expenditure in connection with the preparation and implementation of the transactions contemplated under this Agreement, provided, however, that the provisions set forth in Section 8.2.4 hereof and of Sections 2(m) and 16 of Exhibit 5.1 shall remain unaffected.

It is being understood that the Shareholders shall be deemed to have performed their obligations under this Section 8.4 by passing the shareholders' resolution attached as Exhibit 8.1 without undue delay after the Signing Date, a copy of such resolution to be sent by registered mail or personally handed over to Mr. Bodo Uebber, as chairman of the Company's supervisory board, and Klaus Heinemann and Heinrich Loechteken as members of the management board as soon as possible (*unverzüglich*) after passing of such resolution. If the Purchaser notifies the Sellers of any non-compliance by management with such resolution Sellers shall, if such complaints are substantiated, discuss with Purchaser appropriate steps, if any, which could be taken to address such non-compliance.

The Parties agree that the supervisory board of the Company may between the Signing Date and the Closing resolve on the granting of incentives (payable by the Company following the Closing) to Mr. Heinemann and Mr. Loechteken under the debis AirFinance B.V. Managing Directors Incentive Plan subject to the terms as laid down in a letter dated December 2004 by the Company to each of the aforementioned Persons, a copy of such letter (excluding its attachments) has been furnished to the Purchaser.

8.5 Insurance Coverage

The Shareholders shall cause the Company that:

8.5.1 the Company, the dAF-Consolidated Group and the Business remain insured until the Closing Date in substantially the same way as they are insured on the Signing Date (whether that insurance coverage is held by the Company or any dAF-

Consolidated Company or by any other Person for the benefit of the Company or any dAF-Consolidated Company), that all premiums due for such insurances whether they are due from the Company, any dAF-Consolidated Company or any other Person are duly and timely paid at the expense of the Company or the relevant dAF-Consolidated Company; and

8.5.2 any and all benefits under such insurances paid or payable (whether before or after the Signing Date) with respect to the business, operations, employees or Assets and Properties of the Company or any dAF-Consolidated Company be paid to the Company or the relevant dAF-Consolidated Company or, as the case may be, the Noteholders according to the intercreditor agreement dated March 4, 2004 among Dresdner Bank AG in Frankfurt am Main as agent; Bayerische Landesbank, DaimlerChrysler Coordination Centre SCS, Dresdner Bank AG Frankfurt am Main, HVB Banque Luxembourg Société Anonyme, DZ Bank AG Zentral-Genossenschaftsbank, Kreditanstalt

für Wiederaufbau as original lenders; the Travelers Insurance Company, the Travelers Life & Annuity Company, the Premier Insurance Company of Massachusetts, Metropolitan Life Insurance Company, Thrivent Financial for Lutherans, Modern Woodmen of America, Nationwide Life Insurance Company, Nationwide Indemnity Company, Nationwide Life and Annuity Insurance Company, the Guardian Life Insurance Company of America, Fort Dearbon Life Insurance Company, the Guardian Insurance & Annuity Company, Inc. and Family Service Life Insurance Company as the original note holders; ABN AMRO Bank NV as security agent; debis AirFinance B.V. as company and debis AirFinance Funding 1 B.V. as issuer.

It is being understood that the Shareholders shall be deemed to have performed their obligations under this Section 8.5 by passing the shareholders' resolution attached as Exhibit 8.1 without undue delay after the Signing Date, a copy of such resolution to be sent by registered mail or personally handed over to Mr. Bodo Uebber, as chairman of the Company's supervisory board, and Klaus Heinemann and Heinrich Loechteken as members of the management board as soon as possible (*unverzüglich*) after passing of such resolution. If the Purchaser notifies the Sellers of any non-compliance by management with such resolution Sellers shall, if such complaints are substantiated, discuss with Purchaser appropriate steps, if any, which could be taken to address such non-compliance.

8.6 Use of Certain Names and Designations

Commencing as soon as is commercially practicable after Closing and in any event not more than 6 (six) months following the Closing, the Purchaser shall refrain, and the Purchaser shall cause the Company and the dAF-Consolidated Group to refrain, from any use whatsoever of "debis" or any other similar designation as part of the corporate name (*Firma*), letterhead, promotional or any other material, it being agreed that, immediately following the Closing, the Purchaser shall procure that all corporate and other measures be taken to remove the designation debis from the corporate name (*Handelsnaam*) of the Company and dAF-Consolidated Companies. Furthermore, the Purchaser shall, as promptly as possible, cause the Company and all dAF Consolidated Companies to refrain from making any reference whatsoever in their correspondence, invoices, brochures, stationery and/or any other printed document or homepage or other carriers of electronic data to any (previous) affiliation with the DaimlerChrysler group of companies.

8.7 Amounts Drawn Under the Revolving Facility

It is being understood by the Parties that the Shareholders are not permitted to and are under no obligation to give any instructions by way of supervisory board or shareholders' resolution to the Company to draw or not to draw amounts under the Revolving Facility.

8.8 Further Assurance

The Parties agree to perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as the other Parties may reasonably require, whether on or after the Closing, to implement and/or give effect to this Agreement and the transaction contemplated by it.

8.9 Covenants relating to the Waivers

During the period from the Signing Date through to and including the Closing Date, the Purchaser shall use commercially reasonable best efforts, in conjunction with the Company, to obtain the Waivers necessary to satisfy the Closing Conditions set forth in Section 4.2.2, in particular by making as soon as reasonably practicable presentations to the parties that are required to provide Waivers under Section 4.2.2 to the extent that the Company or the appropriate Sellers shall have arranged meetings with such parties in coordination with the Purchaser. During the period from the Signing Date through to and including the Closing Date, the appropriate Sellers (or their appropriate Affiliates) shall use commercially reasonable best efforts to provide such support and assistance to the Company and/or the Purchaser as the Purchaser and/or the Company may reasonably request for purposes of facilitating or accelerating the satisfaction of the Closing Conditions set forth in Section 4.2.2. Notwithstanding the foregoing, in no event shall any Seller, the Company or the Purchaser be required pursuant to the foregoing to (i) incur any cost, expense or Loss, or pay any fee or similar amount, related thereto (other than (A) travel expenses and fees and expenses for legal advice and other professional or consulting services, and (B) fees or other amounts payable by the Company or any dAF-

Consolidated Company in the amount of up to US$1,000,000 (in words: one million US Dollars in the aggregate) in the aggregate for all of the ECA Facilities, the MSN 313 Facility and the JOL Facilities and, (ii) agree to any change, amendment, supplement or other modification to the terms (including, for the avoidance of doubt, any requirement to provide any additional security) of the ECA Finance Documents, MSN 313 Finance Documents or the JOL Finance Documents (other than any non-economic change, amendment, supplement or other modification which is of an immaterial or non-substantive nature), or (iii) agree to any change in the terms of the transactions contemplated by this Agreement or the financing thereof, including any requirement to contribute more equity financing to the Company or such financing.

8.10 Suspension of implementation of portions of the collateral package

During the period from the Signing Date through to and including the Closing Date, the Sellers shall (i) suspend any further implementation of the collateral package for the loans under the SHL Senior Secured Refinancing Facility as it relates to (a) the creation of local law or English law mortgages on any Aircraft, (b) the collateral assignment by the Company or any dAF-Consolidated Company of Leases and insurance in respect of any Aircraft, and any acknowledgments or consents to be given by Lessees in connection

therewith, and (c) the collateral assignment by the Company or any dAF-Consolidated Company of any of their right title and/or interest in any German leveraged lease transaction in respect of any Aircraft, and (ii) subject to clause (i) above, continue with the implementation of the collateral package for the loans under the SHL Senior Secured Refinancing Facility as contemplated by the Senior Facility Agreement.

9. Guarantees of the Purchaser

9.1 Independent Guarantee

The Purchaser warrants to the Sellers in the form of an independent guarantee pursuant to Section 311 para. 1 BGB that the statements set forth hereafter are true and correct:

9.1.1 The Purchaser is duly incorporated, in good standing and validly existing under the laws of Luxembourg and has the power and authority to execute this Agreement and to perform its obligations thereunder. No bankruptcy proceedings or other proceedings under applicable law providing protection against enforcement by creditors has been opened over the Purchaser's assets and no circumstances exist which would require the Purchaser or the Purchaser's management, board or shareholders to apply for the opening of such proceedings.

9.1.2 The execution and consummation of this Agreement and the performance of the transactions contemplated hereunder does not and will not violate any judicial or governmental injunctive or permanent order (*gerichtliche oder behördliche Verfügung*) to which the Purchaser is bound, any provision of the Purchaser's articles of association or bylaws or other governing instruments or any legally effective resolution of the Purchaser's management or any board or shareholders' meeting.

9.1.3 The Purchaser has sufficient immediately available funds or binding financing commitments to pay the Purchase Price and to make all other payments required to be made under or in connection with this Agreement.

9.1.4 As of the date hereof, there is no action, suit, investigation or other proceedings pending against or, to the Purchaser's best knowledge, threatened against or affecting the Purchaser which in any manner challenges or seeks to prevent, enjoin, alter or materially delay the execution or consummation of this Agreement or the performance of the transactions contemplated hereunder.

9.1.5 This Agreement has been duly and validly executed and delivered by the Purchaser and constitutes a legal, valid and binding obligation of the Purchaser enforceable against the Purchaser in accordance with its terms.

9.2 Indemnity

In the event that the Purchaser is in breach of any guarantee under Section 9.1 or of any covenant or obligation set forth in this Agreement, the Purchaser shall compensate any Losses incurred by the Sellers as a result thereof. Sections 6.1, 7.4.2, 7.4.4 and 7.4.6 (it is being understood that for purpose of the repetition of the guarantees under Sections 9.1.1, 9.1.2 and 9.1.5 as of the Closing Date the reference date in Section 7.4.6 (i) shall be the Closing Date and not the Signing Date) shall apply *mutatis mutandis.*

10. [Reserved]

11. Non Solicitation

11.1 Each Seller will, for a period of two (2) years from the Closing Date, refrain from, and each Seller will, for such period, use its

commercially reasonable efforts to cause its Subsidiaries (other than Subsidiaries which are not subject to instructions by its shareholders due to its legal nature, articles of association or equivalent corporate documents or shareholders' agreements) to refrain from:

(i) actively and intentionally soliciting (*abwerben*) any Person who within the prior six (6) months had been an officer or employee of the Company or any of the dAF-Consolidated Companies, unless such officer or employee (A) resigns voluntarily (without any solicitation from the Shareholders or any of their Subsidiaries except for general job solicitations in newspapers or other media or conducted through an employment recruiting agent on behalf of a Seller or an Subsidiary of a Seller), or (B) is terminated by the Company or any of the dAF-Consolidated Companies after the Closing Date;

(ii) actively and intentionally causing or attempting to cause any client, customer or supplier of the Company or any of the dAF-Consolidated Companies existing as of the Closing Date to terminate or materially reduce its business with the Company or the dAF-Consolidated Companies (it being understood, however, that the Sellers and their respective Affiliates may in their own free discretion and at any time decide to terminate any existing or future business relationship with the Company or any of the dAF-Consolidated Companies); and

(iii) intentionally disclosing (unless required by agreements with credit agencies and similar bodies, by judicial or administrative order or under law and save for any disclosure to Sellers' auditors, legal or other advisers who are bound to confidentiality under applicable professional rules) any non-public, confidential or secret information of or relating to the Company or any of the dAF-Consolidated Companies or any of their respective clients, customers or suppliers (each in their capacity as such).

11.2 The Parties hereto acknowledge and agree, for the avoidance of doubt, that the Purchaser may request injunctive relief in accordance with the provisions of the German Code on Civil Proceedings (*Zivilprozessordnung – ZPO*).

12. Public Announcements and Confidentiality

12.1 Public Announcement

Each of the Parties undertakes that prior to the Closing Date it will not make an announcement in connection with this Agreement unless required by applicable law or stock exchange regulations unless the other Parties hereto have given their respective consent to such announcement, including the form of such announcement, which consents may not be unreasonably withheld and may be subject to conditions. If and to the extent any announcement or disclosure of information regarding the subject matter of this Agreement is to be made under applicable laws, in particular any applicable stock exchange rules, the Parties being concerned shall not disclose any such information without prior consultation with the other Parties. However, it is agreed that individual terms and conditions of this Agreement, in particular, but without limitation, the Purchase Price, shall in no event be disclosed unless there is a mandatory requirement under applicable law or capital markets regulations. Further, the Purchaser shall be entitled to disclose the terms and conditions of this Agreement to any banks and its advisors financing or refinancing the Purchase Price subject to a market-standard confidentiality agreement to be entered into between such financing sources and, to the extent not bound by professional confidentiality obligations, advisors for the direct benefit of the Sellers (*echter Vertrag zugunsten Dritter*).

12.2 Confidentiality Agreement

For the avoidance of doubt the Parties agree that the confidentiality agreement as concluded between the Sellers and Cerberus European Investment LLC on October 15, 2004 shall continue subject to its terms. The Purchaser agrees to abide by the terms of such confidentiality agreement as if it was a party to it.

13. Notices

13.1 Any notice or other communication to be given by one Party to any other Party under, or in connection with, this Agreement shall be in writing and signed by or on behalf of the Party giving it. It shall be served by sending it by fax to the number set out in Section 13.2 or as the case may be, Section 13.3, or delivering it by hand, or sending it by pre-paid recorded delivery, special delivery or registered mail, to the address set out in Section 13.2. Any notice so served by hand, fax or post shall be deemed to have been duly given:

13.1.1 in the case of delivery by hand, when delivered;

13.1.2 in the case of fax, at the date of transmission shown both by the report of transmission and the report of receipt; and

13.1.3 in the case of prepaid recorded delivery or registered mail on the date noted on the return receipt.

13.2 The addresses and fax numbers of the parties for the purpose of Section 13.1 are as follows:

<u>If to the Sellers, to:</u>

DaimlerChrysler Services AG
Attn. Gösta Dobler
Eichhornstraße 3
10875 Berlin
Germany
Telefax-No. +49 30 2554 1234

DaimlerChrysler Aerospace AG
Attn. Ursula Gruss
DaimlerChrysler AG
Epplestraße 225
70567 Stuttgart
Germany
Telefax-No. +49 711 17 58190

DaimlerChrysler AG
Attn. Ursula Gruss
Epplestraße 225
70567 Stuttgart
Germany
Telefax-No. +49 711 17 58190

Bayerische Hypo- und Vereinsbank AG
and HVB Banque Luxembourg SA
Attn. Dr. Steffi Habermeier and René Warzenetz
Arabellastraße 14
81925 Munich
Germany
Telefax-No. +49 89 378 43315

Bayerische Landesbank
Attn. Thomas Fehrenbach
Brienner Str. 18
80333 Munich
Germany
Telefax-No. +49 89 2171 25597

BLB Beteiligungsgesellschaft Beta mbH
Attn. Mr. Seidler
Brienner Str. 18
80333 Munich
Germany
Telefax-No. +49 89 2171 21134

Dresdner Bank AG
Attn. Michael Stuhlmann and Thomas Wiegand
Platz der Einheit 2
60301 Frankfurt am Main
Germany
Telefax-No. +49 263 18306

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main
Attn. Sibylle Jakobs/Dr. Martin Baranowski
Platz der Republik
60265 Frankfurt am Main
Germany
Telefax-No. +49 69 7447 6300/6645

DZ Beteiligungsgesellschaft mbH Nr. 6
Attn. Mathias Kurz
Platz der Republik
60325 Frankfurt am Main
Germany
Telefax-No. +49 69 7447 7754

KfW
Attn. Dept. RE Mr. Vay / Dept. X4b2 Mrs. Hockmann

Palmengartenstraße 5-9
60325 Frankfurt am Main
Germany
Telefax-No. +49 69 7431 4542/4110

in each case with a copy to:

Baker & McKenzie
Attn. Dr. Dirk Oberbracht
Bethmannstraße 50-54
60311 Frankfurt/Main
Germany
Telefax-No. +49 69 29908108

If to the Purchaser, to:

FERN S.à r.l.
Attn. Robert Warden
c/o Cerberus Capital Management, L.P.
299 Park Avenue
New York, New York 10171
U.S.A.

with a copy to:

Milbank, Tweed, Hadley & McCloy LLP
Attn. Michael W. Goroff
69 Old Broad Street
London, EC2M 1QS
UK
Telefax-No. +44 207 448 3029

or to such other recipients or addresses which may be notified by any Party to the other Parties in the future in writing.

13.3 Notices which need to be sent to the Purchaser may also be served to the Purchaser's agent of process being

Milbank, Tweed, Hadley & McCloy LLP
Attn. Dr. Peter Nussbaum
Maximilianstraße 15
80539 München
Germany
Telefax-No. +49 (0)89 255 59 3736.

Further, Purchaser hereby irrevocably authorizes and instructs

Milbank, Tweed, Hadley & McCloy LLP
Attn. Dr. Peter Nussbaum
Maximilianstraße 15
80539 München
Germany
Telefax-No. +49 (0)89 255 59 3736

to receive and accept on its behalf and its name any services (*Zustellungen*) of any judicial documents and summons (*Zustellungsbevollmächtigter*).

14. Miscellaneous

14.1 Costs

Unless expressly stated otherwise in this Agreement, all costs, including fees, expenses and charges, each incurred in connection with the preparation, negotiation, execution and consummation of this Agreement or the transactions contemplated herein, including, without limitation, the fees and expenses of professional advisors, shall be borne by the Party commissioning such costs. All notarial fees and all fees and charges relating to the Shares Transfer Deeds and Loan Transfer Documents, for any required merger control filing, for obtaining any other approval, if any, from Governmental or Regulatory Authorities, for filings to and registration with public registers, if any, as well as any and all transfer Taxes and documentary Taxes accruing in

connection with the execution and consummation of this Agreement or the transactions contemplated herein shall be borne by the Purchaser.

14.2 Entire Agreement

This Agreement and its Exhibits and Disclosure Schedules shall comprise the entire agreement between the Parties concerning the subject matter hereof and shall supersede and replace all prior oral and written declarations of intention made by the Parties in respect thereof. All Exhibits and Disclosure Schedules to this Agreement constitute an integral part of this Agreement. In the case of a conflict between any Exhibit and/or Disclosure Schedule and the provisions of this Agreement, the provisions of this Agreement shall prevail.

14.3 Amendments

Any amendments to this Agreement (including amendments to this clause) shall be valid only if made in writing, unless a stricter form is required by mandatory law.

14.4 Headings; German or Dutch Terms

The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement. All words used in this Agreement will be construed to be of such gender or number as the circumstances require. The word "including" shall not limit the preceding words or terms. If provisions in this Agreement include English terms after which either in the same provision or elsewhere in this Agreement German or Dutch terms have been inserted in brackets and/or italics, the respective German or Dutch terms alone and not the English terms shall be authoritative for the interpretation of the respective provisions.

14.5 Assignment; Set-Off; Withholding

Without the written consent of the other Parties, no Party shall be entitled to assign any rights or claims under this Agreement except that (i) the Purchaser may assign any or all of its rights under this Agreement (for the avoidance of doubt, such assignment shall not relieve Purchasers from any liability and obligation) to any entity or entities, formed or acquired for the purpose of making the acquisition contemplated by this Agreement, which are wholly owned and controlled by funds or accounts managed by Cerberus Capital Management, L.P., provided that any such entity or entities agree to be bound by all of the terms, conditions and provisions contained in this Agreement and (ii) the Purchaser may assign any or all of its rights (for the avoidance of doubt, such assignment shall not relieve Purchasers from any liability and obligation) to financing sources providing financing in connection with the transactions under this Agreement, provided that such assignment is exclusively made for the purpose of granting security to such financing sources and the Sellers are notified in writing in advance of such assignment and the assignee accepts the notice provisions in Section 13 and the arbitration rules set forth in Section 14.9. No such assignment referred to in clause (i) or

(ii) above shall relieve the Purchaser and/or any assignee under clause (i) above from any liability. Any right of the Parties to set-off and/or to withhold any payments due under this Agreement shall be excluded unless the respective Party's' respective counter claim is undisputed or has been confirmed by final court decision.

14.6 Foreign Currencies

Any currency conversions shall be determined using the European Central Bank (ECB)'s fixing rates as published on the ECB's website (www.ecb.int) shortly after 2.15 p.m. CET on the day which is one Business Day prior to the date on which the respective payments become due and payable, or on any other day or time as agreed by the Parties in this Agreement or otherwise. When such rates are not available on such date, Reuters world spot rates (mid rate on page FX=) taken as close as possible to 2.15 p.m. CET shall be used.

14.7 Calculation of Interest

Except as otherwise provided in this Agreement, interest shall be calculated from the date such interest is due and payable until the Business Day prior the payment date, in each case on a three hundred sixty (360) days basis.

14.8 Governing Law

Subject to the next succeeding sentence, this Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the rules of conflicts of laws and the UN Convention on Contracts for the International Sale of Goods. The transfer in rem of the Shares shall be governed by Dutch law.

14.9 Arbitration

Any and all disputes arising out of or in connection with this Agreement, including disputes on its validity, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules.

In deviation from the Rules of Arbitration of the International Chamber of Commerce, the chairman of the Arbitral Tribunal shall only be appointed by the International Court of Arbitration of the International Chamber of Commerce if the two arbitrators nominated by the Parties fail to nominate the chairman within thirty (30) days after their nomination. When making their nomination, the arbitrators or the International Court of Arbitration shall take into account concurring proposals by the Parties.

The place of the arbitration proceedings is Frankfurt am Main, Germany. The language of the arbitration proceedings is English. Competent Court of Appeals within the meaning of Section 1062 of the German Code on Civil Procedures (*ZPO*) shall be the Court of Appeals (*Oberlandesgericht*) in Frankfurt am Main, Germany.

14.10 Severability

Should any provision of this Agreement be or become invalid or unenforceable as a whole or in part, the validity, effectiveness and enforceability of the other provisions of this Agreement shall not be affected thereby. In such case, the Parties agree to recognize and replace any such invalid or unenforceable provision by such valid and enforceable provision as comes closest to the economic intent and purpose of such invalid, or unenforceable provision as regards subject-matter, amount, time, place and extent. The aforesaid shall apply *mutatis mutandis* to any inadvertent incompleteness of this Agreement.

GUARANTEES

Any and all Guarantees set forth in this Exhibit 5.1 are given subject to the Sellers' Knowledge except for the Guarantees set forth in Sections 1.1, 1.2 (a) (except as otherwise stated therein), 1.2 (b) (except as otherwise stated therein), 1.2 (c) (except as otherwise stated therein), 2 (a) (except as otherwise stated therein), 2 (b) and 9 (except as otherwise stated therein) of this Exhibit 5.1.

1. THE SELLERS, THE COMPANY AND THE DAF-CONSOLIDATED GROUP

1.1 **The Sellers**

Each of the Sellers has obtained all corporate authorisations and all other applicable governmental, statutory, regulatory or other consents, licences, authorisations, waivers or exemptions required to empower it to enter into and perform its obligations under this Agreement except for those set forth in Sections 4.2.1 and 4.2.2 of this Agreement. This Agreement has been duly and validly executed by the Sellers and constitutes legal, valid and binding obligations of the Sellers enforceable against the Sellers in accordance with its terms (subject to limitations on enforceability imposed by equitable principles limiting the right to obtain or seek specific performance or by other equitable remedies or by applicable corporate, bankruptcy or insolvency laws and related decisions affecting creditors' rights generally).

1.2 **The Company**

(a) The Company is duly incorporated, organised and validly existing under the laws of The Netherlands as a *"besloten vennootschap met beperkte aansprakelijkheid"* (private limited liability company). It has not been dissolved, liquidated, declared bankrupt *(failliet)* or granted a suspension of payments (*surséance van betaling*) nor, to the Sellers' Knowledge, is such a procedure pending. The Company has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its Assets and Properties. The Company has not ceased to pay its debts within the meaning of Article 1(1) Dutch Bankruptcy Act.

(b) The Company has not filed a request for the opening of insolvency or bankruptcy proceedings nor, to the Sellers' Knowledge, has any third party applied for a declaration of bankruptcy or any such similar arrangement for the Company under the laws of any applicable jurisdiction. The Company is not involved in negotiations with any one or more of its creditors (other than the Sellers), with respect to the rescheduling of its debts. **Schedule 1.2 (b)** comprises true and up to date copies of the articles of association of the Company as in effect on the date hereof and the Closing Date. The Company is not a "structure company" within the meaning of Article 2: 154 Dutch Civil Code, nor has it, nor should it have filed a statement within the meaning of Article 2:153(1) Dutch Civil Code that it meets the criteria for a "structure company". The Shares constitute the entire issued share capital of the Company, and each Shareholder is the legal and beneficial owner of such

number of Shares as set forth in Section 1.1 of this Agreement free from all Security Interests, options or other third party rights (including rights of pre-emption) of any nature whatsoever except for such options or other third party rights (including rights of pre-emption) in favor of the shareholders of the Company as set forth in the articles of association of the Company and to be waived at the Closing (to the extent required to effect the transfer of unencumbered title in all of the Shares to the Shares-Purchaser). Except for the shares identified in **Schedule 1.2 (b)** (that have been partially paid up in the amounts set out in such schedule pursuant to an agreement with the Company as referred to in Article 2:191(1) Dutch Civil Code) the Shares are duly authorized, validly issued, outstanding, fully paid-up non-assessable (*nicht nachschusspflichtig*) and the Shareholders have no

further obligation under Dutch law with respect to the Shares (other than to fully pay the par value thereof which has not been fully paid up). Upon the delivery of the Shares Transfer Deed in the manner provided in Section 2.3 of the Agreement and satisfaction of any conditions precedents explicitly set forth therein or waiver of such conditions precedent in accordance with the Shares Transfer Deed, the Shares-Purchaser will be transferred good and valid title to the Shares, free and clear of all Security Interests. The Company has not granted any profit rights to any person (other than the Sellers in their capacity as holders of the Shares and/or in their capacity as lenders of the SHL-Loans). The Company has not co-operated to the issuance of depositary receipts.

(c) The Company has no Directors (*bestuurders*), Supervisory Directors' (*commissarissen*) or, to the Sellers' Knowledge, proxyholders (*procuratiehouders*) or their equivalents under any jurisdiction other than the Netherlands, other than the persons named in **Schedule 1.2 (c)**. Upon their resignation at Closing, the Supervisory Directors shall not have any claim against the Company, except for claims for ordinary consideration and reimbursement of expenses payable by the Company in relation to the performance of the Supervisory Directors' duties through to the Closing and except for any claims that they may have under the directors and officers liability insurance policy taken out by the Company.

1.3 **The dAF-Consolidated Group**

(a) Except as set forth in **Schedule 1.3 (a)**, each dAF-Consolidated Company is duly incorporated, organised and validly existing under the laws of the jurisdiction of its incorporation, has not been dissolved, liquidated, declared bankrupt (*failliet*) or granted a suspension of payments (*surséance van betaling*), nor have any similar measures been taken under any applicable law. None of the dAF-Consolidated Companies has filed a request for the opening of insolvency or bankruptcy proceedings nor has any third party applied for a declaration of bankruptcy or any such similar arrangement for any of the dAF-Consolidated Companies under the laws of any applicable jurisdiction. Each dAF-Consolidated Company has full corporate power and authority to conduct its business as and to the extent now conducted and to own, use and lease its Assets and Properties. **Schedule 1.3 (a)** comprises true and up to date copies of the articles of association, regulations and by-laws or other comparable organizational documents of each dAF-Consolidated Company as in effect on

the date hereof except for those relating to single Aircraft owning special purpose entities, dormant entities, entities in the process of liquidation, merger or dissolution or entities of which the articles of incorporation or association (or any comparable instrument under any applicable jurisdiction) are being amended, as listed in **Schedule 1.3 (aa)**.

(b) Except as set forth in **Schedule 1.3 (b)** and except for Permitted Security Interests, the Company (or a trustee for its benefit) is the (direct or indirect) sole legal and beneficial (*wirtschaftlicher*) owner of the entire issued share capital of each of the dAF-Consolidated Companies free from all Security Interests, options or other third party rights (including rights of pre-emption) of any nature whatsoever. Except for the Associated Companies, neither the Company nor any of the dAF Consolidated Companies holds, or over the past three (3) years has held any equity interest in any other Person. Neither the Company nor any of the dAF Consolidated Companies is a group company within the meaning of Article 2:24b Dutch Civil Code (*groepsmaatschappij in de zin van artikel 2:24b BW*) of any other company (other than the Company or any of the dAF-Consolidated Companies) and none of them is a party to any partnership agreement (*v.o.f., c.v., maatschap* or equivalent) (other than Intra-Group Agreements).

(c) Except for the persons named in **Schedule 1.3 (c)** the dAF Consolidated Companies have no Directors (*bestuurders*) or proxyholders (*procuratiehouders*) or their equivalents under any jurisdiction other than The Netherlands.

2. OPERATION SINCE JANUARY 1, 2005

In the period from January 1, 2005 through to and including the Signing Date (or, in the case of clauses (a) and (b) of this Section 2, through to and including Closing Date), except as listed in **Schedule 2**, the business of the Company and each dAF-Consolidated Company has in all material respects been carried on in the ordinary and usual course of business consistent with past practice and there has not occurred any of the following:

(a) except for (i) payments of interest accrued up to and including December 31, 2004 on the SHL-Loans in the aggregate amount of up to US$ 13,305,196.81 (in words: thirteen million three hundred and five thousand one hundred and ninety six US Dollars and 81 Cents), (ii) payment of interest accruing on the SHL-Loans from the period as from the Effective Date up to the Closing in accordance with the respective terms of the SHL-Loan Agreements, and (iii) intra-group dividends, any declaration, setting aside or payment of any dividend or other distribution in respect of the shares of the Company or - subject to the Sellers' Knowledge - any dAF-Consolidated Company not wholly owned (directly or indirectly) by the Company, or any direct or indirect capital reduction, purchase or other acquisition by the Company or – subject to the Sellers' Knowledge - any dAF-Consolidated Company of capital stock of or any option with respect to the share capital of the Company or – subject to the Sellers' Knowledge - any dAF-Consolidated Company not directly or indirectly wholly owned by the Company or any dAF-Consolidated Company (or a trustee for its benefit). For the avoidance of doubt, it is expressly clarified

that debis AirFinance Ireland plc shall be deemed to be wholly owned for the purposes of this Section 2 (a);

(b) except for dispositions inside the dAF-Consolidated Group and except for dispositions to the exclusive benefit of the Company,

any authorization, issuance, sale or other disposition by the Company or any dAF-Consolidated Company of any shares of capital stock of or option with respect of the Company or any dAF-Consolidated Company, or any modification or amendment of any right of any holder of any outstanding shares of capital stock of or option with respect to the Company or any dAF-Consolidated Company;

(c) (i) any increase in cash or kind in the compensation or compensation arrangements of any director, officer or employee of the Company or any dAF-Consolidated Company whose annual compensation is, or after giving effect to such change would be, US$250,000 (two hundred and fifty thousand US Dollars) or more, except for bonuses accrued over and in respect of the financial year 2004, provided for in the Audited Financial Statements 2004 and payable in or about March 2005, and (ii) any establishment or termination (partial or complete) or material modification of any Benefit Plan, or (iii) any adoption, entering into or becoming bound by any Benefit Plan; in each case of (i) through (iii) except to the extent required by applicable law;

(d) except for transactions made in connection with the Forward Order, (i) incurrence by the Company or any dAF-Consolidated Company of additional indebtedness (other than trade accounts payable) in an aggregate principal amount exceeding US$1,000,000 (one million US Dollars) (net of any amounts discharged during such period), or (ii) any voluntary purchase, cancellation, prepayment or complete or partial discharge in advance of a scheduled payment date with respect to, or waiver of any right of the Company or any dAF-Consolidated Company under, any indebtedness (other than trade accounts payable and trade accounts receivable) of or owing to the Company or any dAF-Consolidated Company in an amount in excess of US$1,000,000 (one million US Dollars).

(e) any individual physical damage, destruction or other casualty loss (whether or not covered by insurance) affecting any of the Assets and Properties of the Company or any dAF-Consolidated Company in an amount exceeding US$1,000,000 (one million US Dollars), except for such individual physical damage, destruction or other casualty loss to any Aircraft Asset that has not been notified in writing to the Company or any dAF-Consolidated Company by any Lessee;

(f) any material change in (i) any accounting, financial reporting, pricing, credit, allowance or Tax practice or policy of the Company or any dAF-Consolidated Company, or (ii) any method of calculating any bad debt, contingency or other reserve of the Company or any dAF-Consolidated Company for accounting, financial reporting or Tax purposes;

(g) except for write-offs or write-downs consistent with past accounting practices and except for write-offs or write-downs of goodwill, any write-off or write-down

of or any determination to write off or write down any of the Assets and Properties of the Company or any dAF-Consolidated Company to be made under GAAP in excess of US$1,000,000 (one million US Dollars);

(h) any acquisition or disposition of, or incurrence of a Security Interest (other than a Permitted Security Interest) on, any Assets and Properties of the Company or any dAF-Consolidated Company, other than in the ordinary course of business consistent with past practice or in an amount individually or in the aggregate not exceeding US$1,000,000 (one million US Dollars);

(i) any material (i) recapitalization or corporate reorganization of the Company or any dAF-Consolidated Company (except for entities in the process of liquidation, merger or dissolution or entities of which the articles of incorporation or association (or any comparable instrument under any applicable jurisdiction) are being amended, as listed in **Schedule 1.3 (aa)**), or (ii) split off, merger or other business combination involving both (A) the Company or any dAF-Consolidated Company, and (B) any other Person;

(j) except as disclosed in the Material Contracts Schedule and except for any amendments, modifications, waivers or consents made in the ordinary and usual course of business consistent with past practice, any material amendment, modification or granting of a waiver under or giving any consent with respect to (i) any contract which is required to be disclosed in the Material Contract Schedule or (ii) any material license or permit held by the Company or any dAF-Consolidated Company;

(k) except for (i) capital expenditures or commitments relating to the Forward Order, and (ii) payments relating to the Company's or any of the dAF-Consolidated Group's maintenance obligations under any Lease Document, or (iii) capital expenditures or commitments in the ordinary course consistent with past practice not exceeding US$1,000,000 (one million US Dollars) in an individual case, capital expenditures or commitments for additions (*aktivierungsfähig*) to Assets and Properties of the Company and the dAF-Consolidated Companies constituting capital assets in an amount exceeding US$500,000 (five hundred thousand US Dollars) in the individual case, or US$3,000,000 (three million US Dollars) in the aggregate;

(l) any commencement or termination of any material line of business, change by the Company or any dAF-Consolidated Company of their respective purpose as set forth in the respective articles of association except in respect of entities of which the articles of incorporation or association (or any comparable instrument under any applicable jurisdiction) are being amended, as listed in **Schedule 1.3 (aa)**;

(m) entering into any contract between the Company and/or any dAF-Consolidated Company on the one side and advisors or consultants on the other side (other than KPMG, De Brauw and Mc Cann Fitzgerald) with respect to services provided or to be provided in direct relation to the transactions contemplated under this Agreement.

(n) any entering into a contract to do or engage in any of the foregoing if and to the extent such contract or engagement is to be executed after the date hereof; or

(o) any other material transaction involving the Company or any dAF-Consolidated Company which is outside the ordinary course of business.

3. REGULATORY MATTERS

3.1 **Licences**

(a) The Company and each dAF-Consolidated Company have obtained all material licences, permissions, authorisations and consents required for carrying on the Business effectively in all material respects in the places and in the manner in which the Business is now carried on. A complete list of such licences, permissions, authorisations and consents is set forth in **Schedule 3.1 (a)**.

(b) Except as set forth in **Schedule 3.1 (b)**, the licences, permissions, authorisations and consents referred to in 3.1 (a) are in full force and effect in all material respects.

(c) Neither the Company nor any dAF-Consolidated Company is in material default under any of the licences, permissions, authorisations or consents referred to in 3.1 (a) nor are there any written communications of relevant third parties which indicate that any of such licences, permits, authorisations or consents will be revoked or not renewed, in whole or in part, in the ordinary course of events whether as a result of the acquisition of the Shares by the Shares-Purchaser or otherwise.

3.2 **Compliance with Laws**

(a) The Company and each dAF-Consolidated Company have conducted the Business in accordance with their articles of association, by-laws and equivalent company statutes (as applicable).

(b) Except as set forth in **Schedule 3.2 (b),** neither the Company nor any of the dAF-Consolidated Companies is, or has at any time been in material violation of, or material default with respect to, any statute, regulation, order, decree or judgment of any court or any Governmental or Regulatory Authority of The Netherlands or any other relevant jurisdiction. To the extent that any matter covered by a Guarantee in this Section 3.2 (b) is also covered under any other Guarantee contained in this Exhibit 5.1 that is subject to a disclosure threshold, material qualification or other limitations, then only such other Guarantee shall be applicable with respect to such matter. For the avoidance of doubt, this Section 3.2 (b) shall not apply to the matters covered by Sections 10 and 17.

4. THE COMPANY'S AND THE DAF-CONSOLIDATED GROUP'S ASSETS

4.1 **Ownership**

(a) All tangible assets (other than the Aircraft Assets, as to which Section 5 of this Exhibit 5.1 and not this Section 4.1(a) shall relate) included in the Audited Financial Statements 2004 or acquired since January 1, 2005 (but other than assets sold in the ordinary course of business) are legally or beneficially (*wirtschaftlich*) owned by the Company or a respective dAF-Consolidated Company. Other than shown in **Schedule 4.1 (a)**, these tangible assets are not the subject of any Security Interest or any assignment, option, right of pre-emption, royalty, factoring arrangement, leasing or hiring agreement, hire purchase agreement, conditional sale or credit sale agreement, agreement for payment on deferred terms or any similar agreement or arrangement (or any agreement or obligation, including a conditional obligation, to create or enter into any of the foregoing), except in the ordinary course of business and except for:

(i) any hire or lease agreement in the ordinary course of business involving expenditure of less than US$1,000,000 (one million US Dollars) per annum (where the aggregate expenditure under all such agreements is less than US$1,000,000 (one million US Dollars) per annum);

(ii) title retention provisions in respect of goods and materials supplied to the Company or any of the dAF-Consolidated Companies in the ordinary course of business;

(iii) Permitted Security Interests; and

(iv) the Security Interests, if any, reflected in the Audited Financial Statements 2004 and Security Interests arising solely in the ordinary course of business by operation of law;

(b) **Schedule 4.1(b)** sets forth a complete and correct list of all real property (except Aircraft Assets) owned by the Company and the dAF-Consolidated Companies and lists any lease pursuant to which the Company or any of the dAF-Consolidated Companies leases real property as lessee or lessor.

4.2 **Insurances**

(a) **Schedule 4.2 (a)** contains a true and complete list of all material (i.e. providing insurance coverage in excess of US$1,000,000 (one million US Dollars)) liability, property, workers' compensation, directors' and officers' liability and other insurance policies currently in effect that insure the business, operations or employees of the Company or any dAF-Consolidated Company or affect or relate to the ownership, use or operation of any of the Assets and Properties of the Company or any dAF-Consolidated Company, excluding, for the avoidance of doubt, any hull or third party liability insurance taken out by any Lessee. Except as set out in **Schedule 4.2 (a)-1**, the insurance coverage provided by any of such policies will not terminate or lapse by reason of the transactions contemplated by this Agreement. Except as

set out in **Schedule 4.2 (a)-2**, the insurances maintained by or covering the Company and each of the dAF-Consolidated Company are in full force and effect, no premiums due thereunder have not been paid and neither the Company, nor any dAF-Consolidated Company has received any written notice of cancellation or termination in respect of any such policy or is in material default thereunder which may give rise to an exclusion of the insurance coverage.

(b) Except as disclosed in **Schedule 4.2 (b)**, no claim is outstanding by the Company or any of the dAF-Consolidated Companies under any such policy of insurance (excluding, for the avoidance of doubt, any hull or third party liability insurance taken out by any Lessee**)** exceeding an amount of US$1,000,000 (one million US Dollars) and there are no circumstances likely to give rise to such a claim.

5. AIRCRAFT ASSETS AND LEASES

(a) The information set forth in the Aircraft Disclosure Schedule attached hereto as **Schedule 5 (a)** is true, correct and complete as of the Signing Date.

(b) The Company or a dAF-Consolidated Company (or a trustee for their benefit) is, in each case, the sole legal and beneficial owner of, and has good and valid title to (i) each Owned Aircraft, and (ii) the Lessor's interest under the applicable Lease Documents. Each Owned Aircraft is free and clear of Security Interests, other than Permitted Security Interests. Each Lease Document is free and clear of Security Interests, other than (a) Permitted Security Interests, (b) security (in particular, the assignment of rights, claims and interests under any Lease Document) provided pursuant to any Headlease Document or under any Loan Facility, and (c) any purchase option granted to a Lessee under the applicable Lease as indicated in the Aircraft Disclosure Schedule.

(c) Except for the Owned Aircraft, the Structured Finance Aircraft, the Leased-in Aircraft and except as disclosed in **Schedule 5 (c)**, neither the Company nor any of the dAF-Consolidated Companies has any legal or beneficial interest in any aircraft.

(d) Except as disclosed in **Schedule 5 (d)**, (i) no Lessor has notified or otherwise informed any Lessee in writing of an event of default, material default or similar material event (as defined in the applicable Lease) allowing for or, with notice or passage of time, would allow for the exercise of remedies by the Lessor has occurred and is continuing under any Lease, (ii) no material payment failure in excess of US$1,000,000 (one million US Dollars) has occurred and is continuing for more than thirty (30) days from the due date which, if uncured, would become an event of default (as so defined in the applicable Lease) under any Lease, and (iii) no failure to maintain insurance has occurred and is continuing for more than thirty (30) days from the due date which is, if uncured would become, an event of default (as so defined in the applicable Lease) under any Lease.

(e) Except as disclosed in **Schedule 5 (e)**, (i) no Headlessor has notified or

otherwise informed the Company or any dAF-Consolidated Company in writing of an event of default, material default or similar material event (as defined in the applicable Headlease) allowing for or, with notice or passage of time, would allow for the exercise of remedies by the Headlessor has occurred and is continuing under any Headlease, and (ii) no payment failure in excess of US$1,000,000 (one million US Dollars) has occurred and is continuing for more than thirty (30) days from the due date, which, if uncured, would become an event of default (as so defined in the applicable Headlease).

(f) The Lease Documents listed in **Schedule 5 (f)** pertaining to each Aircraft Asset constitute the whole agreement between the relevant Lessor and the relevant Lessee relating to such Aircraft Asset and includes a complete list of all material (i.e. having a direct or indirect economic impact exceeding US$500,000 (five hundred thousand US Dollars) in case a value can be attributed) written amendments, supplements, novations, consents, approvals and waivers relevant to the Lease Documents related to such Aircraft Asset, and there are no oral waivers in effect that would materially modify or amend the terms thereof except where such waivers are made or granted in the ordinary and usual course of business consistent with past practice.

(g) The Headlease Documents listed in **Schedule 5 (g)** pertaining to each Leased-in Aircraft and Structured Finance Aircraft constitute all the Headlease Documents relating to such Aircraft and the Aircraft Assets related thereto and includes a complete list of all material (i.e. having a direct or indirect economic impact exceeding US$500,000 (five hundred thousand US Dollars) in case a value can be attributed) written amendments, supplements, novations, consents, approvals and waivers relevant to the Headlease Documents related to such Aircraft and the Aircraft Assets related thereto, and there are no oral waivers in effect that would materially modify or amend the terms thereof, except where such waivers are made or granted in the ordinary and usual course of business consistent with past practice.

(h) Except as disclosed in **Schedule 5 (e)** or **Schedule 5 (h)** (i) all Headlease Documents and all Lease Documents are in full force and effect in accordance with the respective terms thereof in all material respects, and (ii) there have been no material waivers of any of the Company's or any dAF-Consolidated Company's rights under any Lease Documents or Headlease Documents (including any material waiver in respect of accrued or future rent or other monies payable or to become payable under any Lease Document or Headlease Document or any reduction of the rent or other monies payable under such Lease Document or Headlease Document) and neither the Company nor any dAF-Consolidated Company has materially increased or agreed to materially increase any of its obligations under any Lease Documents or any Headlease Documents.

(i) Except as disclosed in **Schedule 5 (i)** there is no material alleged breach or similar claim not resolved which have been asserted against the Company or a dAF-Consolidated Company (or a trustee for the benefit thereof) arising out of any Lease Document or Headlease Document (other than claims constituting Permitted Security Interests).

(j) Except as disclosed in **Schedule 5 (j)**, there are no Security Interests on any Aircraft Assets other than Permitted Security Interests which are not permitted pursuant to the terms of the relevant Lease Documents and/or Headlease Documents.

(k) Except as disclosed in **Schedule 5 (k)**, no Aircraft Asset has been involved in any incident which caused damage in excess of the amount required to be disclosed to the relevant Lessor under the relevant Lease or which would materially adversely affect the residual value of such Aircraft Asset.

(l) Except as disclosed in **Schedule 5 (l)**, no compulsory airworthiness directives are outstanding against any Aircraft Asset that would require the Company or a dAF-Consolidated Company (or a trustee for their benefit) to make any material contributions exceeding US$1,000,000 (one million US Dollars) in the individual case, or exceeding US$2,000,000 (two million US Dollars) in the aggregate in case more than one Aircraft Asset is involved, to the cost associated therewith pursuant to the terms of the relevant Lease.

(m) Except as disclosed in **Schedule 5 (m)**, since January 1, 2005 no options to purchase any Aircraft Assets, extend or terminate any Lease have been exercised by the relevant Lessee in accordance with the terms of the relevant Lease Document(s).

(n) Except as disclosed in **Schedule 5 (n)**, no event has occurred or act or thing done or omitted to be done by the Company or a dAF-Consolidated Company pursuant to which or as a result of which the relevant Lease or Headlease can be terminated or the obligations of any such party thereunder would be rendered invalid or unenforceable (subject to limitations on enforceability imposed by equitable principles limiting the right to obtain or seek specific performance or by other equitable remedies or by applicable corporate, bankruptcy or insolvency laws and related decisions affecting creditors' rights generally).

6. CONTRACTUAL MATTERS

(a) The Material Contract Schedule attached hereto as **Schedule 6 (a)** contains a true, correct and complete list of all Material Contracts to which the Company or any of the dAF-Consolidated Companies is bound.

(b) Each Material Contract required to be disclosed in **Schedule 6 (a)** is in all material respects in full force and effect and constitutes a legal, valid and binding agreement, enforceable in accordance with its terms (subject to limitations on enforceability imposed by equitable principles limiting the right to obtain or seek specific performance or by other equitable remedies or by applicable corporate, bankruptcy or insolvency laws and related decisions affecting creditors' rights generally), of each party thereto; and except as disclosed in **Schedule 6 (b)**, neither the Company, any dAF-Consolidated Company nor any other party to such Material Contract is, or has received written notice in accordance with the terms of the relevant Material Contract

that it is, in violation or breach of or default under any such Material Contract or with notice or lapse of time or both, would be in violation or breach of or default under any such Material Contract in any material respect. None of the Material Contracts are voidable or reasonably likely to be rescinded or terminated.

(c) Except for any Intra-Group Agreements neither the Company nor any dAF-Consolidated Company is party to any loan agreement, credit agreement, note, bond, debenture or other agreement other than the Loan Facilities, the SHL-Loans and the US-Notes, under which it is obligated to make payment with respect to borrowed monies or other financial indebtedness. Except for any guarantee issued by the Company or any wholly owned dAF-Consolidated Company (it being understood that debis AirFinance Ireland plc shall be deemed to be wholly owned for purposes of this Section) as Lessor or which depend on the performance of the Company or any dAF- Consolidated Company (collectively the "**Lessor Guarantees**") and except as disclosed in **Schedule 6 (c)**, neither the Company, nor any dAF-Consolidated Company has given any guarantee or security other than under or in respect of any Loan Facilities, the SHL-Loans, the US-Notes and the Headleases.

(d) Except for the Permitted Security Interests, the Lessor Guarantees and guarantees or security under or in respect of any Loan Facilities, the SHL-Loans, the US-Notes and the Headleases or except as disclosed in **Schedule 6 (d)**, neither the Company nor any of the dAF-Consolidated Company act as a surety (*Buerge*) for or has issued any guarantee or provided any security in favor of any third party or the Sellers to secure the obligations of any other Person.

7. LITIGATION AND INVESTIGATIONS

(a) Except as set forth in **Schedule 7 (a)**, and except as plaintiff in the collection of debts arising in the ordinary course of business, (i) neither the Company nor any dAF-Consolidated Company is a plaintiff or defendant in or otherwise a party to any litigation (which term also includes in this Agreement, arbitration or mediation), administrative, or criminal proceedings which are in progress or pending and (ii) no such litigation, arbitration, administrative or criminal proceeding is threatened or pending or anticipated by or against or concerning the Company and/or any dAF-Consolidated Company. No conservatory or executory attachment has been made against the Company or any of the dAF-Consolidated Companies or any of their respective assets.

(b) No governmental, regulatory or official investigation or inquiry (including without limitation any proceedings before the enterprise chamber of the Amsterdam Court of Appeals (*Ondernemingskamer*)) concerning the Company and/or any dAF-Consolidated Company is in progress or pending, or threatened or anticipated.

8. DIRECTORS AND EMPLOYEES

8.1 **Employees**

The total staff costs of the dAF-Consolidated Group (including the Company) for financial year 2004 are correctly reflected, in all material respects, in the Audited Financial Statements 2004. All compensation related agreements and arrangements with the persons listed on **Schedule 8.1** have been made available to the Purchaser, except for such agreements where the consent of such persons was upon the Sellers' request not given.

8.2 **Compliance**

The Company and each of the dAF-Consolidated Companies have duly performed their material obligations vis-à-vis any director, Supervisory Director, officer or employee arising from the law or under the respective employment contract.

8.3 **Disputes and Works Council**

Except as set forth in **Schedule 8.3**, in the preceding three (3) financial years, neither the Company nor any of the dAF-Consolidated Companies have experienced any collective labour dispute, strike or other labor unrest. Neither the Company nor any of the dAF Consolidated Companies is in breach of any obligation to establish a Works Council (*Ondernemingsraad*).

8.4 **Benefit Plans**

Schedule 8.4 (a) contains a true and complete list of all the Benefit Plans. Except as set forth in Schedule 8.4 (a), with respect to the period until the Effective Date all cash payments required to be made on or in respect of the Benefit Plans had been paid or adequately accrued for in the Audited Financial Statements 2004. Except as set forth in **Schedule 8.4 (b)**, neither the Company nor any of the dAF-Consolidated Companies is party to or otherwise involved in any legal proceeding with any former employees with respect to the Benefit Plans.

9. SHL SENIOR LOANS AND SUBORDINATED LOANS

9.1 **Title**

Each of the SHL-Lenders has unrestricted and unencumbered legal and beneficial title to and in its respective entire participation in the respective SHL-Loans as more closely set forth in Exhibit 1.3.1, 1.3.2-1 and 1.3.2-2 to this Agreement. Subject to due execution of the Loans Transfer Documents by the Senior Lenders, Subordinated Lenders and Loans-Purchaser, the transfer to the Loans-Purchaser of the SHL-Loans in the manner provided in Section 2.3 of this Agreement will transfer to the Loans-Purchaser good and valid title to the SHL-Loans free and clear of all Security Interests.

9.2 **Amounts**

The amounts owed by the Company to the SHL-Lenders under the SHL-Loans as of January 1, 2005 are correctly set forth in Exhibits 1.3.1 and 1.3.2-2 to this Agreement, and the SHL-Lenders have (subject to limitations on enforceability imposed by equitable principles limiting the right to obtain specific performance or other equitable remedies (including principles limiting the enforceability of capital replacing shareholder loans) or by applicable corporate, bankruptcy or insolvency laws and related decisions affecting creditors' or shareholder creditors' rights generally) legally valid claims against the Company for payment of such amounts under the SHL-Loan Agreements. The amounts of draw-downs under the Revolving Facility and of unpaid interest accrued under the SHL-Loans through to the Closing Date as notified to the Purchasers in accordance with Section 3.1 of this Agreement will be true and correct.

10. FINANCIAL STATEMENTS; BOOKS AND RECORDS

10.1 **Financial Statements**

Subject to the exceptions set forth in the following sentence, the consolidated balance sheet as set out in **Schedule 10.1**, presents fairly in all material respects, the consolidated financial position of the Company as at December 31, 2004 in conformity with GAAP. However, the Sellers are not making or giving pursuant to this Section 10.1, and the Purchasers shall not be entitled to rely on, any representation, warranty or guarantee pursuant to this Section 10.1 with respect to the following items recorded in the balance sheet as at December 31, 2004.

1. Assets

    a. Flight equipment on operating leases, net

    b. Net investment in financial fixed assets

    c. Goodwill

    d. Provisions relating to Trade receivables and Notes receivables

    e. Other tangible fixed assets, net

    f. Other assets

    g. Deferred tax asset

    h. As a result of above - Total Assets

2. Liabilities and Shareholders' Equity

    a. Share capital, Accumulated deficit and Accumulated other comprehensive loss.

    b. From accrued expenses and other liabilities

        1. Maintenance reserves
        2. The following accruals included in accrued expenses Skywest, Creditcard accrual, Expected cost delivery to windjet, Engine, Engine, Accrued Tax Fees, and Current Corporation Tax Provision Account
        3. LILO accrual
        4. LILO deferred expense
        5. Accrued restructuring provision

    c. Deferred taxes

    d. Deferred revenue

    e. As a result of above - Shareholders' Equity, Shareholders' Fund, Total Liabilities and therefore, Total Liabilities and Shareholders' Funds

10.2 **Books and Records**

Schedule 10.2 contains copies of the resolutions adopted by the management board of the Company in ordinary meetings of the management board of the Company in the financial years 2003 and 2004 excluding any (extracts of) written consents and/or resolutions in lieu of a meeting of the management board of the Company.

10.3 **No Undisclosed Liabilities**

Except as reflected or reserved against in the consolidated balance sheet included in the Audited Financial Statements 2004 or in the notes thereto as attached in **Schedule 10.3-1**, or as disclosed in **Schedule 10.3-2,** there are no absolute, accrued, contingent or fixed liabilities (whether due or to become due) of the Company or any dAF-Consolidated Company as of December 31, 2004, other than liabilities (a) incurred in the ordinary course of business, or (b) which, individually or in the aggregate, do not exceed US$10,000,000 (in words: ten million US Dollars), provided that for purposes of this Section 10.3 a contingent liability shall exist only if and to the extent when taking into account the actual knowledge (*positive Kenntnis*) of Klaus Heinemann, Heinrich Loechteken, Cole Reese and Huib van Doorn as of the Signing Date it was reasonably likely that such liability would become absolute, accrued or fixed after December 31, 2004. Notwithstanding the foregoing, the Sellers are not making or giving pursuant to this Section 10.3, and the Purchasers shall not be entitled to rely on, any representation, warranty or guarantee pursuant to this Section 10.3 with respect to the following items recorded in the consolidated balance sheet as at December 31, 2004:

Liabilities

    a. From accrued expenses and other liabilities

1. Maintenance reserves
2. The following accruals included in accrued expenses Skywest, Creditcard accrual, Expected cost delivery to windjet, Engine, Engine, Accrued Tax Fees, and Current Corporation Tax Provision Account
3 LILO accrual
4 LILO deferred expense
5 Accrued restructuring provision

b. Deferred taxes

c. Deferred revenue

11. INVESTMENT ASSETS

Except as disclosed in **Schedule 11** or specifically referenced in the Audited Financial Statements 2004, the Company and the dAF-Consolidated Companies own no Investment Assets. Except as disclosed in **Schedule 11**, all such Investment Assets are owned by the Company or a dAF-Consolidated Company free and clear of all Security Interests, except for Permitted Security Interests and except for security interests under the general terms and conditions of the respective financial institutions acting as a depositary.

12. NO CONFLICTS

Except as set forth in **Schedule 12** and except with respect to any of the Material Contracts listed on the Material Contract Schedule, the execution and delivery of this Agreement by the Sellers, the performance by the Sellers of their obligations under this Agreement and the consummation of the transactions contemplated hereby will not: (a) conflict with or result in a violation or breach of, (b) constitute (with or without notice or lapse of time or both) a default under, (c) require the Company and/or any of the dAF-Consolidated Companies to obtain any consent, approval or action of, make any filing with or give any notice to any Person as a result or under the terms of, (d) result in or give to any Person any right of termination, cancellation, acceleration or modification in or with respect to, (e) result in or give to any Person any additional rights or entitlement to increased, additional, accelerated or guaranteed payments under, or (f) result in the creation or imposition of any lien upon the Company and/or any of the dAF-Consolidated Companies or any of their respective Assets and Properties under, any contract or licence to which the Company and/or any of the dAF-Consolidated Companies is a party or by which any of their respective Assets and Properties is bound.

13. AFFILIATE TRANSACTIONS

Neither the Company nor any of the dAF-Consolidated Companies entered into any agreements with principal obligations (*Hauptleistungspflichten*) still to be performed by any Seller, or any officer, director or, Affiliate (other than the Company or a dAF-Consolidated Company) of any Seller the economic terms of which are not at arm's-length.

14. [*Reserved*]

15. [*Reserved*]

16. BROKERS

All negotiations relative to this Agreement and the transactions contemplated hereby have been carried out by the Sellers directly with the Purchasers without the intervention of any Person on behalf of the Sellers in such manner as to give rise to any valid claim by any Person against the Purchasers, the Company or any dAF-Consolidated Company for a finder's fee, brokerage commission or similar payment. Any advisors retained for the exclusive benefit of the Sellers in connection with the transactions under this Agreement have not been paid by the Company or any dAF-Consolidated Company. For the avoidance of doubt, the Parties agree that KPMG, De Brauw and Mc Cann Fitzgerald are permitted expenditures of the Company and that expenditures for Rothschild and Baker & McKenzie LLP incurred for services in connection with this transaction are borne by the Sellers.

17. TAXES

17.1 **Tax Liabilities**

Except as set forth in **Schedule 17.1**, all material, actual and disputed liabilities for Taxes of the Company and each dAF-Consolidated Company measured by reference to income, profits, gains turnover or sales earned, accrued, received, realised or invoiced on or before December 31, 2004 are fully provided for or disclosed in the Audited Financial Statements 2004. In this context, it is expressly being clarified that the Sellers do not give any Guarantee, and do not accept any liability, with respect to the sufficiency of deferred Tax liabilities as recorded on the Audited Financial Statements 2004.

17.2 **No Dispute**

Neither the Company nor a dAF-Consolidated Company is involved in any current dispute with any Tax authority or is or has in the last three years been the subject of any investigation, audit or non-routine visit by any tax authority, except as disclosed in **Schedule 17.2**.

17.3 **Employee Taxes and Deductions**

Except as set out in **Schedule 17.3** all amounts payable to any tax or social security authority in respect of any employee (including but not limited to any Tax deductible from any amounts paid to an employee, and any national insurance, social fund or similar contributions required to be made in respect of employees) due and payable by the Company or any dAF-Consolidated Company up to the date hereof have been duly paid and the Company and each dAF-Consolidated Company have made all such deductions and retentions as should have been made under applicable laws or regulations.

17.4 **Permanent Establishments**

Except as set out in **Schedule 17.4**, for Tax purposes, both the Company and debis AirFinance Ireland plc are and have been resident only in the jurisdiction in which they are incorporated and do not have nor had a permanent establishment or permanent representative or other taxable presence in any jurisdiction other than that in which they are resident for Tax purposes. Neither the Company nor a dAF-Consolidated Company constitutes or has constituted a permanent establishment or is or has been a permanent representative of another Person.

17.5 **Tainted Shares**

Neither the Company nor a dAF-Consolidated Company has tainted (share) capital (*besmet fusie aandelenkapitaal en/of agio*) within the meaning of Article 3a of the Dutch Dividend Tax Act of 1965.

17.6 **No Guarantees for Tax losses carried-forward**

The Sellers do not grant any Guarantees, and do not accept any liability, for the existence, amount or availability of any Tax losses carried-forward of the Company or any dAF-Consolidated Company.

Roll of deeds G 228/2005

NOTARIAL DEED

AMENDMENT AGREEMENT

Negotiated on June 29, 2005.
Before me, the undersigned Notary Public

Dr. Peter Gamon

at Frankfurt am Main appeared today in the offices of Baker & McKenzie, Bethmannstr. 50-54, Frankfurt/Main, whereto I had betook myself upon request:

1. **Dr. Henrik Bauwens**,
born July 12, 1971
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

DaimlerChrysler Financial Services AG (formerly: DaimlerChrysler Services AG), Eichhornstraße 3, DE 10875 Berlin, Germany, a German stock corporation registered with the Commercial Register at the Local Court of Berlin-Charlottenburg under No. HRB 33551,

- hereinafter referred to as "**DC Services**" -

pursuant to a certified power of attorney dated March 22, 2005 and a certified sub-power of attorney dated June 23, 2005;

2. **Sandra Schöniger**,
born April 15, 1976
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying herself by her German identity card,

according to her declaration acting not in her own name, but in the name and on behalf of

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DaimlerChrysler Aerospace Aktiengesellschaft, Willy-Messerschmitt-Straße, DE 85521 Ottobrunn, Germany, a German stock corporation registered with the Commercial Register at the Local Court of München under No. HRB 98454,

- hereinafter referred to as "**DC Aerospace**" -

pursuant to a certified power of attorney dated March 24, 2005 and a certified sub-power of attorney dated June 23, 2005;

3. **Jens Rikus**,
born August 23, 1971
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

DaimlerChrysler AG, Epplestraße 225, DE 70567 Stuttgart, Germany, a German stock corporation registered with the Commercial Register at the Local Court of Stuttgart under No. HRB 19360,

- hereinafter referred to as "**DC AG**" -

pursuant to a certified power of attorney dated March 24, 2005 and a sub-power of attorney dated June 28, 2005;

4. **Hendrik Sehy**,
born July 17, 1977
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

Bayerische Hypo- und Vereinsbank Aktiengesellschaft, Arabellastraße 14, DE 81925 Munich, Germany, a German stock corporation registered with the Commercial Register at the Local Court of München under No. HRB 42148,

- hereinafter referred to as "**HVB**" -

pursuant to a certified power of attorney dated March 29, 2005 and a sub-power of attorney dated June 27, 2005;

5. **Frank Degenhardt**,
born November 23, 1969

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business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

HVB Banque Luxembourg SA, 4, rue Alphonse Weicker, LU 2721 Luxembourg, Luxembourg, a Luxembourg stock corporation registered with the Commercial Register of Luxembourg under No. B 9989,

- hereinafter referred to as "**HVB Luxembourg**" - -

pursuant to a certified power of attorney dated March 24, 2005 and an undated sub-power of attorney;

6. **Markus Krüger**,
born October 8, 1972
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

Bayerische Landesbank, Brienner Str. 18, DE 80333 Munich, Germany, a German incorporated public-law institution registered with the Commercial Register at the Local Court of München under No. HRA 76030,

- hereinafter referred to as "**BLB**" -

pursuant to a certified power of attorney dated March 23, 2005 and a certified sub-power of attorney dated June 24, 2005;

7. **Martin Kaiser**,
born May 3, 1973
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

BLB Beteiligungsgesellschaft Beta mbH, Brienner Str. 18, DE 80333 Munich, Germany, a German limited liability company registered with the Commercial Register at the Local Court of München under No. HRB 91796,

- hereinafter referred to as "**BLB-Beteiligung**" - -

pursuant to a certified power of attorney dated March 23, 2005 and a certified sub-power of attorney dated June 24, 2005;

8. **Dr. Jan Gernoth**,
born January 10, 1972
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

Dresdner Bank Aktiengesellschaft, Platz der Einheit 2, DE 60301 Frankfurt am Main, Germany, a German stock corporation registered with the Commercial Register at the Local Court of Frankfurt am Main under No. HRB 14000,

- hereinafter referred to as "**Dresdner Bank**" - -

pursuant to a certified power of attorney dated March 30, 2005 and a certified sub-power of attorney dated June 24, 2005;

9. **Anja Drees**,
born September 4, 1975
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying herself by her German identity card,

according to her declaration acting not in her own name, but in the name and on behalf of

DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Platz der Republik, DE 60265 Frankfurt am Main, Germany, a German stock corporation registered with the Commercial Register at the Local Court of Frankfurt am Main under No. HRB 45651,

- hereinafter referred to as "**DZ**" -

pursuant to a certified power of attorney dated March 30, 2005 and a certified sub-power of attorney dated June 24, 2005;

10. **Dr. Michael Reichle**,
born December 23, 1973
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declaration acting not in his own name, but in the name and on behalf of

DZ Beteiligungsgesellschaft mbH Nr. 6, Platz der Republik, DE 60325 Frankfurt am Main, Germany, a German limited liability company registered with the Commercial Register at the Local Court of Frankfurt am Main under No. HRB 52008,

- hereinafter referred to as "**DZ Beteiligung**" -

pursuant to a certified power of attorney dated April 1, 2005 and an undated sub-power of attorney;

11. **Dr. Kilian Helmreich**,
born January 11, 1974
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

12. **Dr. Sven Timmerbeil**,
born December 7, 1974
business address: Bethmannstr. 50-54, 60311 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to their declarations acting not in their own names, but jointly in the name and on behalf of

KfW, Palmengartenstr. 5-9, DE 60325 Frankfurt am Main, Germany, a German incorporated public-law institution,

- hereinafter referred to as "**KfW**" -

pursuant to a certified power of attorney dated March 23, 2005 and a certified sub-power of attorney dated June 25, 2005;

- the parties referred to above collectively the "**Sellers**"
and each of them individually a "**Seller**" -

13. **Sarah Curtis Casey**,
born April 25, 1971,

business address: An der Welle 4, 60422 Frankfurt am Main, Germany
identifying herself by her German driver's license with photo,

according to her declarations acting not in her own name, but – excluding any personal liability of the appeared person against the other parties hereto - in the name and on behalf of

FERN S.à r.l., c/o Cerberus Capital Management, L.P., 299 Park Avenue, New York, New York 10171, U.S.A., a Luxembourg limited liability company with registered head office at 46A, Avenue J.F. Kennedy, LU 1855 Luxembourg, registered with the Commercial Register of Luxembourg under No. B 104664;

pursuant to a certified power of attorney dated June 27, 2005;

- hereinafter referred to as the "**Initial Purchaser**" - -

and

14. **Jan Wilms**,
born February 15, 1975
business address: An der Welle 4, 60422 Frankfurt am Main, Germany
identifying himself by his German identity card,

according to his declarations acting not in his own name, but – excluding any personal liability of the appeared person against the other parties hereto - in the name and on behalf of

FERN GP S.à r.l., a company under the laws of Luxembourg, having its registered office at 46A, Avenue J.F. Kennedy, LU 1855 Luxembourg, Luxembourg,

acting in its capacity as general partner of (for the benefit and risk of)

AerCap Holdings C.V., a limited partnership ("*commanditaire vennootschap*") under the laws of the Netherlands, having its registered seat in Schiphol, the Netherlands and its address at Evert van de Beekstraat 312, 1118 CX Schiphol, the Netherlands,

pursuant to a power of attorney dated June 27, 2005;

- hereinafter referred to as the "**New Purchaser**" - -

- the Sellers, the Initial Purchaser and the New Purchaser collectively the "**Parties**"
and each of them individually a "**Party**" -

The aforementioned powers and sub-powers of attorney were submitted in copies to the Notary. The Notary advised the appeared that powers of attorney must be submitted in the originals in order to be sure that they are still valid. The appeared asked the Notary to notarise despite this fact. They declared that the originals of the powers of attorney will be submitted to the Notary and asked the Notary to attach them to this deed as certified copies.

The notary asked the appeared persons whether he or one of his colleagues had been previously involved in terms of Section 3 (1) No. 7

of the German Notarisation Act ("*Beurkundungsgesetz*"), which they denied.

The persons appearing requested this Deed to be recorded in the English language. The acting Notary Public who is in sufficient command of the English language ascertained that the persons appearing are also in command of the English language. After having been instructed by the acting Notary, the persons appearing waived the right to obtain the assistance of a sworn interpreter and to obtain a certified translation of this Deed.

The persons appearing, acting as indicated, declared with request for notarial recording the following:

AMENDMENT AGREEMENT

RECITALS

WHEREAS, the Sellers and the Initial Purchaser entered into a Sale and Purchase Agreement dated April 4, 2005 (Deed Nos. A.Prot. 2005/100 and 101 of the notary public Stephan Cueni, Basel, Switzerland) (the "**SPA**");

WHEREAS, the Sellers, the Initial Purchaser and Cerberus Capital Management, L.P., a limited partnership organized under the laws of Delaware, with head office at 299 Park Avenue, New York 10171 entered into an Indemnity Document dated June 3, 2005 (Deed No. A.Prot. 2005/179 of the notary public Stephan Cueni, Basel, Switzerland) (the "**Indemnity Document**");

WHEREAS, the Initial Purchaser intends to assign all rights under the SPA to the New Purchaser in accordance with Section 14.5 of the SPA and the New Purchaser intends to accept this assignment. It is being the common understanding of the Parties that until June

30, 2005 the New Purchaser will be a partnership wholly owned by funds or accounts managed by Cerberus Capital Management, L.P.;

WHEREAS, the Parties intend to agree on certain amendments and arrangements.

Now, therefore the Parties agree as follows:

The Parties make reference to the notarised reference deeds dated June 28/29, 2005 [roll of deeds No. G 223/224/225/226/227/2005 of the acting Notary], which were available in the originals during this notarisation. The content of these reference deeds are the SPA, the Indemnity Document and the Exhibits and Schedules thereto. The Parties are fully aware of the contents of the aforementioned reference deeds. They waive the right to have them read aloud and to have them attached to this Deed.

1. Assignment by the Initial Purchaser to the New Purchaser

1.1 The Initial Purchaser hereby assigns any and all of its rights under the SPA (as amended by this Agreement) to the New Purchaser, effective as of the date hereof. The New Purchaser hereby accepts such assignment, effective as of the date hereof, and agrees, vis-à-vis the Initial Purchaser and the Sellers, to be bound by all of the terms, conditions and provisions contained in the SPA (as amended by this Agreement) and the Indemnity Document and any reference in the SPA (as amended by this Agreement) to the Purchaser shall be construed to be a reference to the Initial Purchaser and the New Purchaser. For the avoidance of doubt, the New Purchaser shall in particular be bound by the Initial Purchaser's obligations and agreements set forth in the SPA. Any breach of an obligation to mitigate damages or to recover damages from a third party as provided under the SPA by the Initial Purchaser and/or the New Purchaser shall limit or exclude, as the case may be, any claims of the New Purchaser against any of the Sellers under the SPA.

1.2 The Parties are in agreement, that the assignment of rights to the New Purchaser hereunder shall not relieve the Initial Purchaser from any liability and/or any obligation under the SPA (as amended by this Agreement) and/or the Indemnity Document.

2. Amendments to the SPA; Waiver of Certain Closing Conditions; Closing Date

2.1 The first sentence of Section 3.1 of the SPA shall be amended as follows (the amendment is underlined):

> "The aggregate purchase price for the Shares and the SHL-Loans shall be a fixed amount of <u>US$ 1,344,000,000 (in words: one billion three hundred forty-four million US Dollars)</u> (i) **plus** any amounts drawn (and outstanding at the Closing) under the US$ 100,000,000.00 (in words: one hundred million US Dollars) revolving facility ("**Revolving Facility**") that is part of the SHL Senior Secured Refinancing Facility except to the extent that such amounts have been drawn in violation of the Shareholders' obligations under Section 8.7 below, (ii) **plus** any accrued and unpaid interest on the SHL-Loans (including accrued and unpaid interest under the Revolving Facility) until the Closing, and (iii) **less** the aggregate amount of all payments of principal on, or with respect to, the SHL-Loans subsequent to December 31, 2004 (collectively, the "**Purchase Price**")."

2.2 The provisions of Section 4.8.1 (i) of the SPA shall be amended as follows (the amendment is underlined):

"(i) the Closing has not occurred until July 15, 2005, 24.00 hrs. CET, or"

2.3 The Initial Purchaser and the New Purchaser hereby waive the conditions to Closing set forth in Section 4.2.2 (c) of the SPA.

2.4 The provision of Section 4.1.3 of the SPA shall be replaced by the following provision:

"4.1.3 The "**Closing Date**" shall be June 30, 2005."

2.5 There shall be no other amendments to the SPA.

2.6 Only after April 4, 2005 the Parties and the management of debis AirFinance B.V., Amsterdam, The Netherlands (the "**Company**") became aware of the requirement to make a filing with the Irish Financial Services Regulatory Authority with respect to the change-of-control of the Company, as well as the obligation to make filings with authorities relating to a certain tax certificate pursuant to Section 445 (2) of the Irish Taxes Consolidation Act, 1997 and a certain license to operate in the Irish Shannon Customs Free Airport Zone under Section 2 (1) of the Irish Customs Free Airport (Amendment) Act, 1958 (all such filings collectively, the "**Irish Regulatory Filings**"). The Initial Purchaser and the New Purchaser hereby waive any and all claims of whatsoever nature against any of the Sellers resulting from the fact that the

clearance by the Irish Financial Services Regulatory Authority had not been obtained and the Irish Regulatory Filings had not been made prior to April 4, 2005 (the "**Potential Non-Compliance**"). The Initial Purchaser and the New Purchaser hereby confirm that the Irish Regulatory Filings and the Potential Non-Compliance do not affect the satisfaction, if any, of the conditions to be satisfied for the consummation of the transactions contemplated under the SPA.

3. Miscellaneous

3.1 All notarial fees in connection with the execution and consummation of this document or the transactions contemplated herein shall be equally borne by the Sellers on the one hand and the New Purchaser on the other hand. Unless expressly stated otherwise in this Agreement, all costs, including fees, expenses and charges, each incurred in connection with the preparation, negotiation, execution and consummation of this Agreement and the transactions contemplated herein, including without limitation, the fees and expenses of professional advisors, shall be borne by the Party commissioning such costs.

3.2 Each Party shall treat this Agreement and the terms and provisions hereof as confidential and further agrees that it shall not, without the prior written consent of the other Parties hereto, disclose the contents of this Agreement to any person except as may be required by applicable law (including requests from banking supervisory authorities) or government regulation or stock exchange regulation. In connection with any such permitted disclosure the Party making such permitted disclosure shall use its best efforts to obtain confidential treatment of this Agreement. The Parties further agree to consult and cooperate with each other in making and supporting any such request for confidential treatment.

3.3 This Agreement shall comprise the entire agreement between the Parties concerning the subject matter hereof and shall supersede and replace all prior oral and written declarations of intention made by the Parties in respect thereof.

3.4 Any amendments to this Agreement (including amendments to this clause) shall be valid only if made in writing, unless a stricter form is required by mandatory law.

3.5 The headings in this Agreement are inserted for convenience only and shall not affect the interpretation of this Agreement. All words used in this Agreement will be

construed to be of such gender or number as the circumstances require. The word "including" shall not limit the preceding words or terms. If provisions in this Agreement include English terms after which either in the same provision or elsewhere in this Agreement German terms have been inserted in brackets and/or italics, the respective German terms alone and not the English terms shall be authoritative for the interpretation of the respective provisions.

3.6 This Agreement shall be governed by, and construed in accordance with, the laws of the Federal Republic of Germany excluding the rules of conflicts of laws and the UN Convention on Contracts for the International Sale of Goods.

3.7 Any and all disputes arising out of or in connection with this Agreement, including disputes on its validity, shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce by three arbitrators appointed in accordance with the said Rules.

In deviation from the Rules of Arbitration of the International Chamber of Commerce, the chairman of the Arbitral Tribunal shall only be appointed by the International Court of Arbitration of the International Chamber of Commerce if the two arbitrators nominated by the Parties fail to nominate the chairman within thirty (30) days after their nomination. When making their nomination, the arbitrators or the International Court of Arbitration shall take into account concurring proposals by the Parties.

The place of the arbitration proceedings is Frankfurt am Main, Germany. The language of the arbitration proceedings is English. Competent Court of Appeals within the meaning of Section 1062 of the German Code on Civil Procedures (*ZPO*) shall be the Court of Appeals (*Oberlandesgericht*) in Frankfurt am Main, Germany.

3.8 Should any provision of this Agreement be or become invalid or unenforceable as a whole or in part, the validity, effectiveness and enforceability of the other provisions of this Agreement shall not be affected thereby. In such case, the Parties agree to recognize and replace any such invalid or unenforceable provision by such valid and enforceable provision as comes closest to the economic intent and purpose of such invalid, or unenforceable provision as regards subject-matter, amount, time, place and extent. The aforesaid shall apply *mutatis mutandis* to any inadvertent incompleteness of this Agreement.

The aforementioned deed was read to the appeared persons in the presence of the notary, approved by them and signed by them and the notary in their own hands as follows:

Exhibit 10.13

AERCAP HOLDINGS N.V.
2006 EQUITY INCENTIVE PLAN

ARTICLE 1

EFFECTIVE DATE AND PURPOSE

1.1. Effective Date. The Plan shall be known as the "AerCap Holdings N.V. 2006 Equity Incentive Plan" and shall be effective as of October 31, 2006 (the "Effective Date"). Any Incentive Stock Option awards made prior to approval of the Plan by the shareholders of AerCap Holdings N.V. (the "Company") in accordance with Section 422 of the Code shall not vest or become exercisable, as applicable, prior to the time when the Plan is so approved.

1.2. Purpose of the Plan. The purpose of the Plan is to further and promote the interests of the Company, its Subsidiaries and its stockholders by enabling the Company and its Subsidiaries to attract, retain and motivate directors, employees, consultants and advisors or those who will become directors, employees, consultants or advisors to the Company or its Subsidiaries, and to align the interests of those individuals and the Company's stockholders. The Plan is intended to permit the grant of Awards that constitute Incentive Stock Options, Non-Qualified Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock Awards.

ARTICLE 2

DEFINITIONS

The following words and phrases shall have the following meanings unless a different meaning is plainly required by the context:

"Exchange Act" means the Securities Exchange Act of 1934, as amended. Reference to a specific section of the Exchange Act or regulation thereunder shall include such section or regulation, any valid regulation or interpretation promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Affiliate" means any corporation or any other entity (including, but not limited to, partnerships and joint ventures) controlled by, in control of, or under common control with, the Company.

"Award" means, individually or collectively, a grant under the Plan of Non-Qualified Stock Options, Incentive Stock Options, Stock Appreciation Rights, Restricted Stock, Restricted Stock Units or Other Stock Awards.

"Award Agreement" means the written agreement setting forth the terms and conditions applicable to an Award.

"Base Price" means the price at which a SAR may be exercised with respect to a Share.

"Board" means the Company's Board of Directors, as constituted from time to time.

"Cause" shall have the meaning set forth in any employment, consulting or service agreement between the Company and the Participant, provided that if there is no such agreement or "cause" is not

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defined therein, it shall mean (a) Cerberus Capital Management, L.P., in its sole discretion, has reason to believe that the Participant has committed a felony, (b) acts of dishonesty by the Participant resulting or intending to result in personal gain or enrichment at the expense of the Company, its Subsidiaries or Affiliates, (c) conduct by the Participant in connection with his services rendered to the Company, its Subsidiaries and Affiliates that is fraudulent, unlawful or negligent, or (d) misconduct by the Participant which seriously discredits or damages the Company, its Subsidiaries or Affiliates;

"Change in Control" of the Company means:

(a) the acquisition, after the effective date of the Plan, by an individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Exchange Act) of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 30% or more of either (i) the Company's outstanding Ordinary Shares, or (ii) the combined voting power of the voting securities of the Company entitled to vote generally in the election of directors (the "Voting Securities"); provided, however, that the following acquisitions shall not constitute a Change of Control: (A) any acquisition by any Current Investor, (B) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any Subsidiary, (C) any acquisition by any underwriter in connection with any firm commitment underwriting of securities to be issued by the Company, or (D) any acquisition by any corporation if, immediately following such acquisition, more than 70% of the then outstanding Ordinary Shares of such corporation and the combined voting power of the then outstanding voting securities of such corporation (entitled to vote generally in the election of directors), is beneficially owned, directly or indirectly, by all or substantially all of the individuals and entities who, immediately prior to such acquisition, were the beneficial owners of the Ordinary Shares and the Voting Securities in substantially the same proportions, respectively, as their ownership, immediately prior to such acquisition, of the Ordinary Shares and Voting Securities;

(b) individuals who, as of the effective date of the Plan, constitute the Board (the "Incumbent Board") cease thereafter for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the effective date of the Plan whose election, or nomination for election by the Company's shareholders, was approved by at least a majority of the directors then serving and comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of either an

actual or threatened election contest (as such terms are used in Rule 14a-11 of Regulation 14A promulgated under the Exchange Act) or other actual or threatened solicitation of proxies or consents;

(c) approval by the shareholders of the Company of a reorganization, merger or consolidation of the Company or a Subsidiary, other than a reorganization, merger or consolidation with respect to which all or substantially all of the individuals and entities who were the beneficial owners, immediately prior to such reorganization, merger or consolidation, of the Ordinary Shares and Voting Securities beneficially own, directly or indirectly, immediately after such reorganization, merger or consolidation more than 70% of the then outstanding Ordinary Shares and Voting Securities or, if Ordinary Shares or Voting Securities are converted into another security in connection with such transaction, the then outstanding Ordinary Shares and Voting Securities (entitled to vote generally in the election of directors) of the corporation resulting from such reorganization, merger or consolidation in substantially the same proportions as their respective ownership, immediately prior to such reorganization, merger or consolidation, of the Ordinary Shares and the Voting Securities; or

(d) consummation of (i) a complete liquidation or substantial dissolution of the Company, or (ii) the sale or other disposition of all or substantially all of the assets of the Company, other than to a Subsidiary, wholly-owned, directly or indirectly, by the Company.

"Code" means the Internal Revenue Code of 1986, as amended. Reference to a specific section of the Code or regulation thereunder shall include such section or regulation, any valid regulation or other guidance promulgated under such section, and any comparable provision of any future legislation or regulation amending, supplementing or superseding such section or regulation.

"Committee" means the committee of the Board described in Article 3.

"Current Investors" means Fern S.a.r.l., Fern II S.a.r.l., Fern III S.a.r.l., Fern IV S.a.r.l. and FERN GP S.a.r.l.

"Employee" means an employee of the Company, a Subsidiary, or an Affiliate (each an "Employer") designated by the Board or the Committee.

"Exercise Price" means the price at which a Share subject to an Option may be purchased upon the exercise of the Option.

"Fair Market Value" means, except as otherwise specified in a particular Award Agreement, (a) while the Shares are traded on an established national or regional securities exchange, the closing transaction price of such a Share as reported by the principal exchange on which such Shares are traded on the date as of which such value is being determined or, if there were no reported transaction for such date, on the next preceding date for which a transaction was reported, (b) if the Shares are not traded on an established national or regional securities exchange, the average of the bid and ask prices for such a Share as reported by NASDAQ or a successor quotation system, or (c) if Fair Market Value cannot be determined under clause (a) or clause (b) above, or if the Committee determines in its sole discretion that the Shares are too thinly traded for Fair Market Value to be determined pursuant to clause (a) or clause (b), the value as determined by the Committee, in its sole discretion, on a good faith basis.

"Grant Date" means the date that the Award is granted.

"Immediate Family" means the Participant's children, stepchildren, grandchildren, parents, stepparents, grandparents, spouse, siblings (including half-brothers and half-sisters), in-laws, and all such relationships arising because of legal adoption.

"Incentive Stock Option" means an Option that is designated as an Incentive Stock Option and is intended by the Committee to meet the requirements of Section 422 of the Code.

"Independent Contractor" means a person, including, without limitation, a consultant, engaged by the Company for a specific task, study or project who is not an Employee.

"Member of the Board" means an individual who is a member of the Board or of the board of directors of a Subsidiary or an Affiliate.

"Non-Qualified Stock Option" means an Option that is not an Incentive Stock Option.

"Option" means an option to purchase Shares granted pursuant to Article 5.

"Ordinary Shares" means the Company's Ordinary Shares, [$][€] [__] par value per share.

"Other Stock Award" means an Award granted pursuant to Article 8 to receive Shares on the terms specified in any applicable Award Agreement.

"Participant" means an Employee, Independent Contractor or Member of the Board with respect to whom an Award has been granted and remains outstanding.

"Performance-Based" means all or any portion of an Award is subject to vesting pursuant to Article 9.

"Performance Criteria" means the criteria that the Committee selects for purposes of establishing the Performance Goal or Performance Goals for a Participant for a Performance Period. The Performance Criteria that will be used to establish Performance Goals may include any of the following: net earnings (either before or after interest, taxes, depreciation and amortization), economic value-added (as determined by the Committee), sales or revenue, net income (either before or after taxes), operating earnings, cash flow (including, but not limited to, operating cash flow and free cash flow), cash flow return on capital, return on net assets, return on stockholders' equity, return on assets, return on capital, stockholder returns, return on sales, gross or net profit margin, productivity, expense, margins, operating efficiency, customer satisfaction, working capital, earnings per share, price per share of Stock, market share, individual performance by a Participant, and, in the discretion of the Committee, any other factors or criteria, any of which may be measured either in absolute terms or as compared to any incremental increase or as compared to results of a peer group.

"Performance Goals" means, for a Performance Period, the goals established by the Committee for the Performance Period based upon the Performance Criteria. Depending on the Performance Criteria used to establish such Performance Goals, the Performance Goals may be expressed in terms of overall Company performance or the performance of a division, business unit, or an individual. The Committee shall establish Performance Goals for each Performance Period prior to, or as soon as practicable after, the commencement of such Performance Period. The Committee, in its discretion, may adjust or modify the calculation of Performance Goals for such Performance Period in order to prevent the dilution or enlargement of the rights of Participants (a) in the event of, or in anticipation of, any unusual or extraordinary corporate item, transaction, event, or development, or (b) in recognition of, or in anticipation of, any other unusual or nonrecurring events affecting the Company, or the financial statements of the Company, or in response to, or in anticipation of, changes in applicable laws, regulations, accounting principles, or business conditions.

"Performance Period" means the designated period during which the Performance Goals must be satisfied with respect to the Award to which the Performance Goals relate.

"Period of Restriction" means the period during which Restricted Stock or an RSU is subject to forfeiture and/or restrictions on transferability.

"Plan" means this AerCap Holdings N.V. 2006 Equity Incentive Plan, as set forth in this instrument and as hereafter amended from time to time.

"Restricted Stock" means a Stock Award granted pursuant to Article 6 under which the Shares are subject to forfeiture upon such terms and conditions as specified in the relevant Award Agreement.

"Restricted Stock Unit" or "RSU" means a Stock Award granted pursuant to Article 6 subject to a period or periods of time after which the Participant will receive Shares if the conditions contained in such Stock Award have been met.

"Share" means a share of the Company's Ordinary Shares or any security issued by the Company, any successor or any other entity in exchange or in substitution therefor.

"Stock Appreciation Right" or "SAR" means an Award granted pursuant to Article 7, granted alone or in tandem with a related Option which is designated by the Committee as an SAR.

"Stock Award" means an Award of Restricted Stock or an RSU pursuant to Article 6.

"Subsidiary(ies)" means any corporation (other than the Company) in an unbroken chain of corporations, including and beginning with the Company, if each of such corporations, other than the last corporation in the unbroken chain, owns, directly or indirectly, more than fifty percent (50%) of the voting stock in one of the other corporations in such chain.

"Ten Percent Holder" means an Employee (together with persons whose stock ownership is attributed to the Employee pursuant to Section 424(d) of the Code) who, at the time an Option is granted, owns stock representing more than ten percent of the voting power of all classes of stock of the Company.

ARTICLE 3

ADMINISTRATION

3.1. The Committee. The Plan shall be administered by the Compensation Committee of the Board. It is intended that each member of the Committee shall qualify as "independent director" under the applicable rules of any national securities exchange or national securities association and under Netherlands law. If it is later determined that one or more members of the Committee do not so qualify, actions taken by the Committee prior to such determination shall be valid despite such failure to qualify.

Reference to the Committee shall refer to the Board if the Compensation Committee ceases to exist and the Board does not appoint a successor Committee.

3.2. Authority and Action of the Committee. It shall be the duty of the Committee to administer the Plan in accordance with the Plan's provisions. The Committee shall have all powers and discretion necessary or appropriate to administer the Plan and to control its

operation, including, but not limited to, the power to (a) determine which Employees, Independent Contractors and Members of the Board shall be eligible to receive Awards, (b) to grant Awards, (c) prescribe the form, amount, timing and other terms and conditions of each Award, (d) interpret the Plan and the Award Agreements, (e) adopt such procedures as it deems necessary or appropriate to permit participation in the Plan by eligible Employees, Independent Contractors and Members of the Board, (f) adopt such rules as it deems necessary or appropriate for the administration, interpretation and application of the Plan, (g) interpret, amend or revoke any such procedures or rules, (h) correct any technical defect(s) or technical omission(s), or reconcile any technical inconsistency(ies), in the Plan and/or any Award Agreement, (i) accelerate the vesting or payment of any Award, (j) extend the period during which an Option may be exercisable, and (k) make all other decisions and determinations that may be required pursuant to the Plan and/or any Award Agreement or as the Committee deems necessary or advisable to administer the Plan.

The acts of the Committee shall be either (a) acts of a majority of the members of the Committee present at any meeting at which a quorum is present or (b) acts approved in writing by all of the members of the Committee without a meeting. A majority of the Committee shall constitute a quorum. The Committee's determinations under the Plan need not be uniform and may be made selectively among Participants, whether or not such Participants are similarly situated. Each member of the Committee is entitled to, in good faith, rely or act upon any report or other information furnished to that member by any Employee of the Company or any of its Subsidiaries or Affiliates, the Company's independent certified public

accountants or any executive compensation consultant or other professional retained by the Company to assist in the administration of the Plan.

The Company shall effect the granting of Awards under the Plan, in accordance with the determinations made by the Committee, by execution of Award Agreements or other written agreements and/or other instruments in such form as is approved by the Committee.

3.3. Delegation by the Committee. The Committee in its sole discretion and on such terms and conditions as it may provide may delegate all or any part of its authority and powers under the Plan to one or more Members of the Board of the Company and/or officers of the Company.

3.4. Decisions Binding. All determinations, decisions and interpretations of the Committee, the Board, and any delegate of the Committee pursuant to the provisions of the Plan or any Award Agreement shall be final, conclusive, and binding on all persons, and shall be given the maximum deference permitted by law.

ARTICLE 4

SHARES SUBJECT TO THE PLAN

4.1. Number of Shares. Subject to adjustment as provided in Section 10.13, the number of Shares available for grants of Awards under the Plan shall be [# SHARES] Shares. Shares awarded under the Plan may be either authorized but unissued Shares, authorized and issued Shares reacquired (including Shares reacquired under any of the Prior Plans) and held as treasury Shares or a combination thereof. The payment of dividends or other distributions in Shares in conjunction with outstanding Awards shall not reduce the Shares available for grants of Awards under this Section 4.1. To the extent permitted by applicable law or exchange rules, Shares issued in assumption of, or in substitution for, any outstanding awards of any entity acquired in any form of combination by the Company or any Subsidiary or Affiliate shall not reduce the Shares available for grants of Awards under this Section 4.1.

4.2 Lapsed Awards. To the extent that Shares subject to an outstanding Option (except to the extent Shares are issued or delivered by the Company in connection with the exercise of a tandem SAR), RSU or other Award are not issued or delivered by reason of the expiration, cancellation, forfeiture or other termination of such Award, then such Shares shall again be available under this Plan.

ARTICLE 5

STOCK OPTIONS

5.1. Grant of Options. Subject to the provisions of the Plan, Options may be granted to Participants at such times, and subject to such terms and conditions, as determined by the Committee in its sole discretion. An Award of Options may include Incentive Stock Options, Non-Qualified Stock Options or a combination thereof; provided, however, that an Incentive Stock Option may only be granted to an Employee of the Company or a Subsidiary and no Incentive Stock Option shall be granted more than ten years after the earlier of (a) the date this Plan is adopted by the Board or (b) the date this Plan is approved by the Company's shareholders.

5.2. Award Agreement. Each Option shall be evidenced by an Award Agreement that shall specify the Exercise Price, the expiration date of the Option, the number of Shares to which the Option pertains, any conditions to the exercise of all or a portion of the Option, and such other terms and conditions as the Committee, in its discretion, shall determine. The Award Agreement pertaining to an Option shall

designate such Option as an Incentive Stock Option or a Non-Qualified Stock Option. Notwithstanding any such designation, to the extent that the aggregate Fair Market Value (determined as of the Grant Date) of Shares with respect to which Options designated as Incentive

Stock Options are exercisable for the first time by a Participant during any calendar year (under this Plan or any other plan of the Company, or any parent or subsidiary as defined in Section 424 of the Code) exceeds $100,000, such Options shall constitute Non-Qualified Stock Options. For purposes of the preceding sentence, Incentive Stock Options shall be taken into account in the order in which they are granted.

5.3. Exercise Price. Subject to the other provisions of this Section, the Exercise Price with respect to Shares subject to an Option shall be determined by the Committee in its sole discretion; provided, however, that the Exercise Price with respect to an Incentive Stock Option shall not be less than one hundred percent (100%) of the Fair Market Value of a Share on the Grant Date and the Exercise Price with respect to an Incentive Stock Option granted to a Ten Percent Holder shall not be less than one hundred-ten percent (110%) of the Fair Market Value of a Share on the Grant Date.

5.4. Expiration Dates. Each Option shall terminate not later than the expiration date specified in the Award Agreement pertaining to such Option; provided, however, that the expiration date with respect to an Option shall not be later than the tenth anniversary of its Grant Date and the expiration date with respect to an Incentive Stock Option granted to a Ten Percent Holder shall not be later than the fifth anniversary of its Grant Date.

5.5. Exercisability of Options. Subject to Section 5.4, Options granted under the Plan shall be exercisable at such times, and shall be subject to such restrictions and conditions, as the
Committee shall determine in its sole discretion. The exercise of an Option is contingent upon payment by the Optionee of the amount sufficient to pay all taxes required to be withheld by any governmental agency. Such payment may be in any form approved by the Committee.

5.6. Method of Exercise. Options shall be exercised by the Participant's delivery of a written notice of exercise to the Chief Financial Officer of the Company (or his or her designee) or such other person as may be designated from time to time by the Committee, setting forth the number of Shares with respect to which the Option is to be exercised, accompanied by full payment of the Exercise Price with respect to each such Share and an amount sufficient to pay all taxes required to be withheld by any governmental agency. The Exercise Price shall be payable to the Company in full in cash or its equivalent. The Committee, in its sole discretion, also may permit exercise (a) by tendering previously acquired Shares which have been held by the Optionee for at least six months having an aggregate Fair Market Value at the time of exercise equal to the aggregate Exercise Price of the Shares with respect to which the Option is to be exercised, or (b) by any other means which the Committee, in its sole discretion, determines to both provide legal consideration for the Shares, and to be consistent with the purposes of the Plan. As soon as practicable after receipt of a written notification of exercise and full payment for the Shares with respect to which the Option is exercised, the Company shall deliver to the Participant Share certificates (which may be in book entry form) for such Shares with respect to which the Option is exercised.

5.7. Restrictions on Option/Share Transferability. Incentive Stock Options are not transferable, except by will or the laws of descent. The Committee may impose such additional restrictions on any Shares acquired pursuant to the exercise of an Option as it may deem advisable, including, but not limited to, restrictions related to applicable federal securities laws, the requirements of any national securities exchange or system upon which Shares are then listed or traded, or any blue sky or state securities laws.

ARTICLE 6

STOCK AWARDS

6.1. Grant of Stock Awards. Subject to the provisions of the Plan, Stock Awards may be granted to such Participants at such times, and subject to such terms and conditions, as determined by the Committee in its sole discretion.

6.2. Stock Award Agreement. Each Stock Award shall be evidenced by an Award Agreement that shall specify the number of Shares with respect to which such Stock Award is granted, the price, if any, to be paid for the Shares and the Period of Restriction applicable to a Restricted Stock Award or RSU Award and such other terms and conditions as the Committee, in its sole discretion, shall determine.

6.3. Transferability/Share Certificates. Shares subject to an Award of Restricted Stock may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated during a Period of Restriction. During the Period of Restriction, a Restricted Stock Award may be registered in the holder's name or a nominee's name at the discretion of the Company and may bear a legend as described in Section 6.4.2. Unless the Committee determines otherwise, Shares of Restricted Stock shall be held by the Company as escrow agent during the applicable Period of Restriction, together with stock powers or other instruments of assignment (including a power of attorney), each endorsed in blank with a guarantee of signature if deemed necessary or appropriate by the Company, which would permit transfer to the Company of all or a portion of the Shares subject to the Restricted Stock Award in the event such Award is forfeited in whole or part.

6.4. Other Restrictions. The Committee, in its sole discretion, may impose such other restrictions on Shares subject to an Award of Restricted Stock as it may deem advisable or appropriate.

6.4.1. General Restrictions. The Committee may impose restrictions based upon applicable federal or state securities laws, or any other basis determined by the Committee in its discretion.

6.4.2. Legend on Certificates. The Committee, in its sole discretion, may legend the certificates representing Restricted Stock during the Period of Restriction to give appropriate notice of such restrictions. For example, the Committee may determine that

some or all certificates representing Shares of Restricted Stock shall bear the following legend: "The sale or other transfer of the Ordinary Shares represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer as set forth in the AerCap Holdings N.V. 2006 Stock Incentive Plan (the "Plan"), and in a Restricted Stock Agreement (as defined by the Plan). A copy of the Plan and such Restricted Stock Agreement may be obtained from the Chief Financial Officer of AerCap Holdings N.V."

6.5. Removal of Restrictions. Shares of Restricted Stock covered by a Restricted Stock Award made under the Plan shall be released from escrow as soon as practicable after the termination of the Period of Restriction and, subject to the Company's right to require payment of any taxes, a certificate or certificates evidencing ownership of the requisite number of Shares shall be delivered to the Participant.

6.6. Voting Rights. During the Period of Restriction, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights with respect to those Shares, unless otherwise provided in the Award Agreement.

6.7. Dividends and Other Distributions. During the Period of Restriction and unless otherwise provided in the Award Agreement, dividends and other distributions paid with respect to Shares of

Restricted Stock shall be deposited with the Company and shall be subject to the same restrictions on transferability and forfeitability as the Shares of Restricted Stock with respect to which they were paid.

ARTICLE 7

STOCK APPRECIATION RIGHTS

7.1. Grant of SARs. Subject to the provisions of the Plan, SARs may be granted to such Participants at such times, and subject to such terms and conditions, as shall be determined by the Committee in its sole discretion; provided, however, that any tandem SAR (*i.e.*, a SAR granted in tandem with an Option) related to an Incentive Stock Option shall be granted at the same time that such Incentive Stock Option is granted.

7.2. Base Price and Other Terms. The Committee, subject to the provisions of the Plan, shall have complete discretion to determine the terms and conditions of SARs granted under the Plan. Without limiting the foregoing, the Base Price with respect to Shares subject to a tandem SAR shall be the same as the Exercise Price with respect to the Shares subject to the related Option.

7.3. SAR Agreement. Each SAR grant shall be evidenced by an Award Agreement that shall specify the Base Price, the term of the SAR, the conditions of exercise, and such other terms and conditions as the Committee, in its sole discretion, shall determine.

7.4. Expiration Dates. Each SAR shall terminate no later than the tenth anniversary of its Grant Date; provided, however, that the expiration date with respect to a tandem SAR shall not be later than the expiration date of the related Option.

7.5. Payment of SAR Amount. Unless otherwise specified in the Award Agreement pertaining to a SAR, a SAR may be exercised (a) by the Participant's delivery of a written notice of exercise to the Chief Financial Officer of the Company (or his or her designee) or such other person as may be designated from time to time by the Committee setting forth the number of whole SARs which are being exercised, (b) in the case of a tandem SAR, by surrendering to the Company any Options which are cancelled by reason of the exercise of such SAR, and (c) by executing such documents as the Company may reasonably request. Except as otherwise provided in the relevant Award Agreement, upon exercise of a SAR, the Participant shall be entitled to receive payment from the Company in an amount determined by multiplying: (i) the amount by which the Fair Market Value of a Share on the date of exercise exceeds the Base Price specified in the Award Agreement pertaining to such SAR; by (ii) the number of Shares with respect to which the SAR is exercised. The exercise of SAR is contingent upon payment by the Participant of the amount sufficient to pay all taxes required to be withheld by any governmental agency. Such payment may be in any form approved by the Committee.

7.6. Payment Upon Exercise of SAR. Payment to a Participant upon the exercise of the SAR shall be made, as determined by the Committee in its sole discretion, either (a) in cash, (b) in Shares with a Fair Market Value equal to the amount of the payment or (c) in a combination thereof, as set forth in the applicable Award Agreement.

ARTICLE 8

OTHER STOCK AWARDS

8.1. Grant of Other Stock Awards. Subject to the provisions of the Plan, the Committee may grant other equity-based awards ("Other Stock Awards") on such terms as it may determine, including, but not

limited to, Awards designed to comply with or take advantage of any applicable laws of any country or political subdivision thereof.

ARTICLE 9

PERFORMANCE-BASED AWARDS

9.1. Procedures with Respect to Performance-Based Awards. With respect to any Performance-Based Award which may be granted to any Participant, no later than ninety (90) days following the commencement of any fiscal year in question or any other designated fiscal period or period of service, or within such other timeframe as the Committee, in its discretion, prescribes, the Committee shall, in writing, (a) select the Performance Criteria applicable to the Performance Period, (c) establish the Performance Goals, and amounts of such Awards, as applicable, which may be earned or which may vest, as the case may be, for such Performance Period, and (d) specify the relationship between Performance Criteria and the Performance Goals and the amounts of such Awards to be earned or the degree to which such Awards have vested, as applicable, for such Performance Period. Following the completion of each Performance Period, the Committee shall certify in writing whether the applicable Performance Goals have been achieved for such Performance Period. The Committee shall have the right to reduce or eliminate (but not to increase) the amount payable at a given level of performance to take into account additional factors that the Committee may deem relevant to the assessment of individual or corporate performance for the Performance Period.

9.2. Payment and Vesting of Performance-Based Awards. Unless otherwise provided in the applicable Award Agreement, a Participant must be employed by, or rendering service to, the Company or a Subsidiary on the day the Participant's Performance-Based Award is paid to the Participant or becomes vested, as the case may be. Furthermore, unless otherwise determined by the Committee, a Participant shall be eligible to receive payment or to vest in such Award, as applicable, only if the Committee has determined that the Performance Goals for the applicable Performance Period are achieved.

ARTICLE 10

MISCELLANEOUS

10.1. No Effect on Employment or Service. Nothing in the Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment or service at any time, for any reason and with or without cause.

10.2. Participation. No person shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

10.3. Indemnification. Each person who is or shall have been a member of the Committee, or a Member of the Board, shall be indemnified and held harmless by the Company against and from (a) any loss, cost, liability, or expense that may be imposed upon or reasonably incurred by him or her in connection with or resulting from any claim, action, suit, or proceeding to which he or she may be a party or in which he or she may be involved by reason of any good faith action taken or good faith failure to act under the Plan or any Award Agreement, and (b) from any and all amounts paid by him or her in settlement thereof, with the Company's approval, or paid by him or her in satisfaction of any judgment in any such claim, action, suit, or proceeding against him or her, provided he or she shall give the Company an opportunity, at its own expense, to handle and defend the same before he or she undertakes to handle and defend it on his or her own behalf. The foregoing right of indemnification shall not be exclusive of

any other rights of indemnification to which such persons may be entitled under the Company's governing documents, by contract, as a matter of law, or otherwise, or under any power that the Company may have to indemnify them or hold them harmless.

10.4. Successors. All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation or otherwise, of all or substantially all of the business or assets of the Company.

10.5. Beneficiary Designations. Subject to Section 10.6 below, a Participant under the Plan may name a beneficiary or beneficiaries to whom any vested but unpaid Award shall be paid in the event of the Participant's death. For purposes of this Section, a beneficiary may include a designated trust having as its primary beneficiary a family member of a Participant. Each such designation shall revoke all prior designations by the Participant and shall be effective only if given in a form and manner acceptable to the Committee. In the absence of any such designation, any vested benefits remaining unpaid at the Participant's death shall be paid to the Participant's estate and, subject to the terms of the Plan and of the applicable Award Agreement, any unexercised vested Award may be exercised by the administrator or executor of the Participant's estate.

10.6. Nontransferability of Awards. No Award granted under the Plan may be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than by will, by the laws of descent and distribution; provided, however, that except as provided by in the relevant Award Agreement, a Participant may transfer, without consideration, an Award other than an Incentive Stock Option to one or more members of his or her Immediate Family, to a trust established for the exclusive benefit of one or more members of his or her Immediate Family, to a partnership in which all the partners are members of his or her Immediate Family, or to a limited liability company in which all the members are members of his or her Immediate Family; provided, further, that any such Immediate Family, and any such trust, partnership and limited liability company, shall agree to be and shall be bound by the terms of the Plan, and by the terms and provisions of the applicable Award Agreement and any other agreements covering the transferred Awards. All rights with respect to an Award granted to a Participant shall be available during his or her lifetime only to the Participant and may be exercised only by the Participant or the Participant's legal representative.

10.7. No Rights as Stockholder. Except to the limited extent provided in Sections 6.6 and 6.7, no Participant (nor any beneficiary) shall have any of the rights or privileges of a stockholder of the Company with respect to any Shares issuable pursuant to an Award (or

exercise thereof), unless and until certificates representing such Shares shall have been issued, recorded on the records of the Company or its transfer agents or registrars, and delivered to the Participant (or beneficiary).

10.8. Unfunded Status. The Plan is intended to be an "unfunded" plan for incentive compensation. With respect to any payments not yet made to a Participant pursuant to an Award, nothing contained in the Plan or any Award Agreement shall give the Participant any rights that are greater than those of a general creditor of the Company or any Subsidiary.

10.9. Withholding Requirements. Prior to the delivery of any Shares or cash pursuant to an Award (or exercise thereof), the Company shall have the power and the right to deduct or withhold, or require a Participant to remit to the Company, an amount sufficient to satisfy any federal, state, local and foreign taxes of any kind (including, but not limited to, the Participant's FICA obligations) which the Committee, in its sole discretion, deems necessary to be withheld or remitted to comply with the Code and/or any other applicable law, rule or regulation with respect to such Award (or exercise thereof).

10.10. Withholding Arrangements. The Committee, in its sole discretion and pursuant to such procedures as it may specify from time to time, may permit or require a Participant to satisfy all or part of the tax withholding obligations in connection with an Award in any manner determined by the Committee, including by (a) having the Company withhold otherwise deliverable Shares, or (b) delivering to the Company already-owned Shares having a Fair Market Value equal to the amount required to be withheld, provided such Shares have been held by the Participant for at least six months.

10.11. No Corporate Action Restriction. The existence of the Plan, any Award Agreement and/or the Awards granted hereunder shall not limit, affect or restrict in any way the right or power of the Board or the shareholders of the Company to effect or authorize any corporate action or transaction, including, without limitation, (a) any adjustment, recapitalization, reorganization or other change in the Company's or any Subsidiary's or Affiliate's capital structure or business, (b) any merger, consolidation or change in the ownership of the Company or any Subsidiary or Affiliate, (c) any issue of bonds, debentures, capital, preferred or prior preference stocks ahead of or affecting the Company's or any Subsidiary's or Affiliate's capital stock or the rights thereof, (d) any dissolution or liquidation of the Company or any Subsidiary or Affiliate, (e) any sale or transfer of all or any part of the Company's or any Subsidiary's or Affiliate's assets or business, or (f) any other corporate act or proceeding by the Company or any Subsidiary or Affiliate. No Participant, beneficiary or any other person shall have any claim against any Member of the Board or the Committee, the Company or any Subsidiary or Affiliate, or any employees, officers, shareholders or agents of the Company or any Subsidiary or Affiliate, as a result of any such action.

10.12. Restrictions on Shares. Each Award made hereunder shall be subject to the requirement that if at any time the Company determines that the listing, registration or qualification of the Shares subject to such Award upon any securities exchange or under any law, or the consent or approval of any governmental body, or the taking of any other action is necessary or desirable as a condition of, or in connection with, the exercise or settlement of such Award or the delivery of Shares thereunder, such Award shall not be exercised or settled and such Shares shall not be delivered unless such listing, registration, qualification, consent, approval or other action shall have been effected or obtained, free of any conditions not acceptable to the Company. The Company may require that certificates evidencing Shares delivered pursuant to any Award made hereunder bear a legend indicating that the sale, transfer or other disposition thereof by the holder is prohibited except in compliance with the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any other applicable securities laws. Finally, no Shares shall be issued and delivered under the Plan, unless the issuance and delivery of those Shares shall comply with all relevant provisions of gaming laws or regulations and any registration, approval or action thereunder.

10.13. Changes in Capital Structure. In the event of an "Equity Restructuring" (as defined below), the Board shall, and in the event of a "Corporate Event" (as defined herein), the Board may, in such manner as the Board in good faith deems equitable to prevent dilution or enlargement of benefits or potential benefits intended to be made available under the Plan, adjust any or all of (a) the number of Shares or other securities of the Company (or number and kind of other securities or property) with respect to which Awards may be granted, (b) the number of Shares or other securities of the Company (or number and kind of other securities or property) subject to outstanding Awards, and (c) the Exercise Price or Base Price with respect to any Award. For purposes of this Section 10.13, "Equity Restructuring" means any dividend or other distribution (whether in the form of cash, Shares, other securities, or other property), recapitalization, stock split, reverse stock split, split-up, spin-off, or other equity restructuring event that causes the per-share value of the Shares to change and "Corporate Event" means any reorganization, merger, consolidation, combination, repurchase, change of control or exchange of Shares or other securities of the Company, Change in Control, or other corporate transaction or event that the Board determines affects the Shares such than an adjustment is determined by the Board, in its sole discretion, to be necessary or appropriate.

If the Company enters into or is involved in any Corporate Event, the Board may, prior to such Corporate Event and effective upon such Corporate Event, take such action as it deems appropriate, including, but not limited to, replacing Awards with substitute awards in respect of the Shares, other securities or other property of the surviving corporation or any affiliate of the surviving corporation on such terms and conditions, as to the number of shares, pricing and otherwise, which shall substantially preserve the value, rights and benefits of any affected Awards granted hereunder as of the date of the consummation of the Corporate Event. Notwithstanding anything to the contrary in the Plan, if any Corporate Event occurs, the Company shall have the right, but not the obligation, to cancel each Participant's Awards immediately prior to such Corporate Event and to pay to each affected Participant in connection with the cancellation of such Participant's Awards, an amount that the Committee, in its sole discretion, in good faith determines to be the equivalent value of such Award. Any actions or determinations of the Committee with respect to a Corporate Event under this Section 10.13 need not be uniform as to all outstanding Awards, nor treat all Participants identically.

Upon receipt by any affected Participant of any such substitute awards or payments as a result of any such Equity Restructuring or Corporate Event, such Participant's affected Awards for which such substitute awards or payment were received shall be thereupon cancelled without the need for obtaining the consent of any such affected Participant.

ARTICLE 11

AMENDMENT, TERMINATION AND DURATION, SUB-PLANS

11.1. Amendment, Suspension or Termination. The Board, in its sole discretion, may amend, suspend or terminate the Plan, or any part thereof, at any time and for any reason, subject to any requirement of stockholder approval required by applicable law, rule or regulation, including, without limitation, the Section 422 of the Code and the rules of the New York Stock Exchange; provided, however, the Board may, without shareholder or Participant approval, amend the Plan and any Award Agreement, including without limitation retroactive amendments, as necessary to avoid the imposition of any taxes under Section 409A of the Code. Subject to the preceding sentence, the amendment, suspension or termination of the Plan shall not, without the consent of the Participant, materially adversely alter or impair any rights or obligations under any Award theretofore granted to such Participant. No Award may be granted during any period of suspension or after termination of the Plan.

11.2. Sub-Plans. The Board, in its sole discretion, may adopt sub-Plans to allow modifications of the Plan and Awards to comply with the requirements of any applicable federal, state, or local laws, rules or regulations.

11.3 Duration of the Plan. The Plan shall, subject to Section 11.1, terminate ten years after adoption by the Board, unless earlier terminated by the Board, and no further Awards shall be granted under the Plan. The termination of the Plan shall not affect any Awards granted prior to the termination of the Plan.

ARTICLE 12

LEGAL CONSTRUCTION

12.1. Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

12.2. Severability. In the event any provision of the Plan or of any Award Agreement shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan or the Award Agreement, and the Plan and/or the Award Agreement shall be construed and enforced as if the illegal or invalid provision had not been included.

12.3. Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

12.4. Governing Law. The Plan and all Award Agreements shall be construed in accordance with and governed by the laws of The Netherlands, but without regard to its conflict of law provisions.

12.5. Captions. Captions are provided herein for convenience only, and shall not serve as a basis for interpretation or construction of the Plan.

12.6. Incentive Stock Options. Should any Option granted under this Plan be designated an "Incentive Stock Option," but fail, for any reason, to meet the requirements of the Code for such a designation, then such Option shall be deemed to be a Non-Qualified Stock Option and shall be valid as such according to its terms.

****

STOCK OPTION AGREEMENT

pursuant to the

AERCAP HOLDINGS N.V. 2006 EQUITY INCENTIVE PLAN

* * * * *

Optionee:

Grant Date:

Per Share Exercise Price:

Number of Option Shares subject to this Option:

* * * * *

THIS STOCK OPTION AGREEMENT (this "Agreement"), dated as of the Grant Date specified above, is entered into by and between AerCap Holdings N.V. (the "Company"), and the Optionee specified above, pursuant to the AerCap Holdings N.V. 2006 Equity Incentive Plan, as in effect and as amended from time to time (the "Plan"); and

WHEREAS, it has been determined under the Plan that it would be in the best interests of the Company to grant the non-qualified stock option provided for herein to the Optionee.

NOW, THEREFORE, in consideration of the mutual covenants and premises hereinafter set forth and for other good and valuable consideration, the parties hereto hereby mutually covenant and agree as follows:

1. Incorporation By Reference; Plan Document Receipt. This Agreement is subject in all respects to the terms and provisions of the Plan (including, without limitation, any amendments thereto adopted at any time and from time to time unless such amendments are expressly intended not to apply to the grant of the option hereunder), all of which terms and provisions are made a part of and incorporated in this Agreement as if they were each expressly set forth herein. Any capitalized term not defined in this Agreement shall have the same meaning as is ascribed thereto under the Plan. The Optionee hereby acknowledges receipt of a true copy of the Plan and that the Optionee has read the Plan carefully and fully understands its content. In the event of any conflict between the terms of this Agreement and the terms of the Plan, the terms of the Plan shall control.

---

2. Grant of Option. The Company hereby grants to the Optionee, as of the Grant Date specified above, a non-qualified stock option (this "Option") to acquire from the Company at the Per Share Exercise Price specified above the aggregate number of Shares specified above (the "Option Shares"). This Option is not to be treated as (and is not intended to qualify as) an incentive stock option within the meaning of Section 422 of the Code. As a condition to receipt of this Option, the Optionee shall be required to execute and deliver any other agreement related to this Option or the Company's stock as the Company may direct.

3. No Dividends Equivalents. The Optionee shall not be entitled to receive a cash payment in respect of the Option Shares underlying this Option on any dividend payment date for the Ordinary Shares.

4. Exercise of this Option.

4.1 In accordance with, and to the extent provided by, the terms and provisions of Article 5 of the Plan, 50% of this Option shall become exercisable pursuant to the vesting schedule described in Section 4.2 below (the "Time-Based Option") and 50% of this Option shall become exercisable pursuant to the vesting requirements of Section 4.3 below (the "Performance-Based Option").

4.2 On each of the first four anniversaries of the Grant Date, 25% of the Time-Based Option shall become exercisable, provided the Optionee is then employed by or performing services at such time for the Company and/or one of its Subsidiaries.

4.3 On each of the first four anniversaries of the Grant Date (each a "Performance Vesting Date"), 25% of the Performance-Based Option shall become exercisable, provided that (i) the Optionee is then employed by or performing services at such time for the Company and/or one of its Subsidiaries and (ii) the Committee determines that the applicable Performance Goals have been achieved for the applicable Performance Period. For purposes of this Award, the applicable Performance Period for each Performance Vesting Date shall be the one-year period immediately preceding such Performance Vesting Date and the applicable Performance Goals shall be set forth in Exhibit A, as amended from time to time by the Committee in accordance with the Plan

4.4 Unless earlier terminated in accordance with the terms and provisions of the Plan and/or this Agreement, this Option shall expire and shall no longer be exercisable after the expiration of ten years from the Grant Date (the "Option Period").

4.5 In no event shall this Option be exercisable for a fractional share of Ordinary Shares.

5. Method of Exercise and Payment. This Option shall be exercised by the Optionee by delivering to the Secretary of the Company or his designated agent on any business day (the "Exercise Date") a written notice, in such manner and form as may be required by the Company, specifying the number of the Option Shares the Optionee then desires to acquire (the "Exercise Notice"). The Exercise Notice shall be accompanied by payment of (i) the aggregate

Per Share Exercise Price for such number of the Option Shares to be acquired upon such exercise and (ii) the amount sufficient to pay all taxes required to be withheld by any governmental agency. Such payment shall be made in the manner set forth in Section 5.6 of the Plan.

6. Termination.

6.1 If the Optionee's employment with the Company and/or one of its Subsidiaries terminates for any reason, any then unexercisable portion of this Option shall be forfeited and cancelled by the Company.

6.2 If Optionee's termination of employment with the Company and/or its Subsidiaries is due to the Optionee's death or disability, (as determined by the Committee) the Optionee (or the Optionee's estate, designated beneficiary or other legal representative, as the case may be and as determined by the Committee) shall have the right, to the extent exercisable immediately prior to any such termination, to exercise this Option at any time within the one (1) year period following such termination due to death or disability, but not beyond the expiration of the Option Period, and thereafter such Option shall be forfeited and cancelled by the Company.

6.3 If the Optionee's employment with the Company or any Subsidiary is terminated for Cause, such Optionee's rights, if any, to exercise any portion of the Stock Option, shall terminate on the date of such termination for Cause and such portion of the Stock Option shall be cancelled by the Company.

6.4 If the Optionee's employment with the Company and/or its Subsidiaries terminates for any reason other than those described in Section 6.2 or Section 6.3, the Optionee's rights, if any, to exercise any then exercisable portion of this Stock Option, shall terminate ninety (90) days after the date of such termination, but not beyond the expiration of the Option Period, and thereafter such Stock Option shall be forfeited and cancelled by the Company.

6.5 The Board or the Committee, in its sole discretion, may determine that all or any portion of this Option, to the extent exercisable immediately prior to the Optionee's termination of employment with the Company and/or its Subsidiaries for any reason, may remain exercisable for an additional specified time period after the period specified above in this Section 6 expires (subject to any other applicable terms and provisions of the Plan and this Agreement), but not beyond the expiration of the Option Period.

7. Non-transferability. This Option, and any rights or interests therein, shall not be sold, exchanged, transferred, assigned or otherwise disposed of in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee), other than by testamentary disposition by the Optionee or the laws of descent and distribution. This Option shall not be pledged, encumbered or otherwise hypothecated in any way at any time by the Optionee (or any beneficiary(ies) of the Optionee) and shall not be subject to execution, attachment or similar legal process. Any attempt to sell, exchange, pledge, transfer, assign, encumber or otherwise dispose of or hypothecate this Option, or the levy of any execution, attachment or similar legal process upon this Option, contrary to the terms of this Agreement and/or the Plan shall be null and void and without legal

force or effect. This Option shall be exercisable during the Optionee's lifetime only by the Optionee.

8. Entire Agreement; Amendment. This Agreement contains the entire agreement between the parties hereto with respect to the subject matter contained herein, and supersedes all prior agreements or prior understandings, whether written or oral, between the parties relating to such subject matter. The Board or the Committee shall have the right, in its sole discretion, to modify or amend this Agreement from time to time in accordance with and as provided in the Plan. The Company shall give written notice to the Optionee of any such modification or amendment of this Agreement as soon as practicable after the adoption thereof. This Agreement may also be modified or amended by a writing signed by both the Company and the Optionee.

9. Notices. Any Exercise Notice or other notice which may be required or permitted under this Agreement shall be in writing, and shall be delivered in person or via facsimile transmission, overnight courier service or certified mail, return receipt requested, postage prepaid, properly addressed as follows.

9.1 If such notice is to the Company, to the attention of the Secretary of AerCap Holdings N.V., Evert van de Beekstraat 312, 1118 CX Schiphol Airport, The Netherlands, or at such other address as the Company, by notice to the Optionee, shall designate in writing from time to time.

9.2 If such notice is to the Optionee, at his or her address as shown on the Company's records, or at such other address as the Optionee, by notice to the Company, shall designate in writing from time to time.

10. Governing Law. This Agreement shall be governed by and construed in accordance with the laws of The Netherlands without reference to the principles of conflict of laws thereof.

11. Compliance with Laws. The issuance of this Option (and the Option Shares upon exercise of this Option) pursuant to this Agreement shall be subject to, and shall comply with, any applicable requirements of any applicable securities laws, rules and regulations (including, without limitation, the provisions of the Securities Act of 1933, the Exchange Act and the respective rules and regulations promulgated thereunder). The Company shall not be obligated to issue this Option or any of the Option Shares pursuant to this Agreement if any such issuance would violate any such requirements.

12. Binding Agreement; Assignment. This Agreement shall inure to the benefit of, be binding upon, and be enforceable by the Company and its successors and assigns. The Optionee shall not assign any part of this Agreement without the prior express

written consent of the Company.

13. Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same instrument.

14. Headings. The titles and headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be a part of this Agreement.

15. Further Assurances. Each party hereto shall do and perform (or shall cause to be done and performed) all such further acts and shall execute and deliver all such other agreements, certificates, instruments and documents as any party hereto reasonably may request in order to carry out the intent and accomplish the purposes of this Agreement and the Plan and the consummation of the transactions contemplated thereunder.

16. Severability. The invalidity or unenforceability of any provisions of this Agreement in any jurisdiction shall not affect the validity, legality or enforceability of the remainder of this Agreement in such jurisdiction or the validity, legality or enforceability of any provision of this Agreement in any other jurisdiction, it being intended that all rights and obligations of the parties hereunder shall be enforceable to the fullest extent permitted by law.

[remainder of page intentionally left blank — signature page follows]

IN WITNESS WHEREOF, the Company has caused this Agreement to be executed by its duly authorized officer, and the Optionee has hereunto set his hand, all as of the Grant Date specified above.

AERCAP HOLDINGS N.V.

By: _____

Name: _____

Title: _____

_____

Optionee

Printed Name: _____

EXHIBIT A

Performance Goals

Exhibit 21.1

Subsidiary name	Jurisdiction of incorporation
AerCap Holdings C.V.	The Netherlands
AMS AerCap B.V.	The Netherlands
AerCap B.V	The Netherlands
Brazilian Aircraft Finance VII B.V.	The Netherlands
Brazilian Aircraft Finance VIII B.V.	The Netherlands
Brazilian Aircraft Finance X B.V.	The Netherlands
Brazilian Aircraft Finance XI B.V.	The Netherlands
Brazilian Aircraft Finance XII B.V.	The Netherlands
Brazilian Aircraft Finance XIII B.V.	The Netherlands
Brazilian Aircraft Finance XIV B.V.	The Netherlands
Brazilian Aircraft Finance XV B.V.	The Netherlands
Brazilian Aircraft Finance XVI B.V.	The Netherlands
Brazilian Aircraft Finance XVII B.V.	The Netherlands
Brazilian Aircraft Finance XVIII B.V.	The Netherlands
AerCap Aircraft Finance V B.V.	The Netherlands
AerCap Aircraft Finance VII B.V.	The Netherlands
AerCap Aircraft Finance VIII B.V.	The Netherlands
AerCap Aircraft Finance X B.V.	The Netherlands
AerCap Aircraft Finance XI B.V.	The Netherlands
AerCap Aircraft Finance XII B.V.	The Netherlands
AerCap Aircraft Finance XIII B.V.	The Netherlands
AerCap Aircraft Finance XVII B.V.	The Netherlands
AerCap Aircraft Finance XVIII B.V.	The Netherlands
AerCap Financial Services B.V.	The Netherlands
AerCap Leasing I B.V.	The Netherlands
AerCap Leasing II B.V.	The Netherlands
AerCap Leasing IV B.V.	The Netherlands
AerCap Leasing V B.V.	The Netherlands
AerCap Leasing VIII B.V.	The Netherlands
AerCap Leasing XIII B.V.	The Netherlands
AerCap Leasing XIV B.V.	The Netherlands
AerCap Leasing XIX B.V.	The Netherlands
AerCap Leasing XVI B.V.	The Netherlands
AerCap Leasing XVII B.V.	The Netherlands
AerCap Leasing XVIII B.V.	The Netherlands
AerCap Leasing XXII B.V.	The Netherlands
AerCap Leasing XXIV B.V.	The Netherlands
AerCap Leasing XXIX B.V.	The Netherlands
AerCap Leasing XXX B.V.	The Netherlands
AeroTurbine B.V.	The Netherlands
Budapest Aircraft Finance I B.V.	The Netherlands
Jakarta Aircraft Finance I B.V.	The Netherlands
Jakarta Aircraft Finance II B.V.	The Netherlands
Jakarta Aircraft Finance III B.V.	The Netherlands
Mexican Aircraft Finance I B.V.	The Netherlands
Mexican Aircraft Finance II B.V.	The Netherlands
Paris Aircraft Finance IV B.V.	The Netherlands
Stockholm Aircraft Finance III B.V.	The Netherlands
Stockholm Aircraft Finance IV B.V.	The Netherlands
AerCap Dutch Aircraft Leasing B.V.	The Netherlands
AerCap Dutch Aircraft Leasing I B.V.	The Netherlands
AerCap Celtavia 1 Limited	Republic of Ireland
AerCap Celtavia 2 Limited	Republic of Ireland
AerCap Celtavia 3 Limited	Republic of Ireland

AerCap Celtavia 4 Limited	Republic of Ireland
AerCap Celtavia 5 Limited	Republic of Ireland
Pirlo Aircraft Leasing Limited	Republic of Ireland
Berlin Aircraft Leasing Limited	Republic of Ireland
Marco Aircraft Leasing Limited	Republic of Ireland
Lyon Location SARL	France
Lyon Aircraft Leasing I SARL	France
Dijon Location SARL	France
Valence Location SARL	France

Lille Location SARL	France
Toulouse Location SARL	France
Metz Location SARL	France
Juan B Martinez Leasing 1 Limited	Bermuda
Juan B Martinez Leasing 2 Limited	Bermuda
AerCap Aircraft Leasing 8 Ltimited	Cayman Islands
Bella Aircraft Leasing 1 Limited	Republic of Ireland
AerVenture Limited	republic of Ireland
GPA-ATR Limited	Republic of Ireland
Air Maple Limited	Republic of Ireland
Air Tara Limited	Republic of Ireland
Ancla Ireland Limited	Republic of Ireland
AerCap Administrative Services Limited	Republic of Ireland
AerCap Associate Holdings Limited	Republic of Ireland
AerCap Cash Manager II Limited	Republic of Ireland
AerCap Cash Manager Limited	Republic of Ireland
AerCap Financial Services (Ireland) Limited	Republic of Ireland
AerCap Fokker 100 Finance Limited	Republic of Ireland
AerCap Fokker Limited	Republic of Ireland
AerCap Jetprop Limited	Republic of Ireland
Orchid Aircraft Leasing Limited	Republic of Ireland
Deasnic Aircraft Leasing Limited	Republic of Ireland
Irish Aerospace Leasing Limited	Republic of Ireland
Irish Aerospace Limited	Republic of Ireland
Skyscape Limited	Republic of Ireland
Tyrolean Limited	Republic of Ireland
Lishui Aircraft Leasing Limited	Republic of Ireland
Jasper Aircraft Leasing Limited	Republic of Ireland
Jasmine Aircraft Leasing Limited	Republic of Ireland
Jade Aircraft Leasing Limited	Republic of Ireland
Bella Aircraft Leasing 3 limited	Republic of Ireland
AerFunding Leasing 1459 Limited	Republic of Ireland
AerCap Celtavia 6 Limited	Republic of Ireland
AerCap CNW Finance Limited	Republic of Ireland
AerCap 1041 Limited	Republic of Ireland
Sunflower Aircraft Leasing Limited	Republic of Ireland
AerDragon Aviation Partners Limited	Republic of Ireland
AerCap Associate Holdings Limited	Republic of Ireland
AerFi Group Limited	Republic of Ireland
GPA Group Limited	Republic of Ireland
AerCap Asia Limited	Malaysia
AerCap Jet Limited	Jersey
AerFi Sverige AB	Sweden
AerFi Sverige Aircraft AB	Sweden
AerCap Holdings (Bermuda) Limited	Bermuda
AerCap Funding No. 3 (Bermuda) Limited	Bermuda
LC (Bermuda) No. 2 Limited	Bermuda

LC Bermuda No. 2 LLP	Bermuda
AerCap Bermuda No. 3 Limited	Isle of Man
AerCap Holding (IOM) Limited	Isle of Man
AerCap IOM Limited	Isle of Man
Crescent Aviation Limited	Isle of Man
Stallion Aviation Limited	Isle of Man
Acorn Aviation Limited	United Kingdom
AerCap International Limited	United Kingdom
Elasis Leasing Limited	United Kingdom
Elasis Leasing III Limited	United States of America
AerCap, Inc	United States of America
AerCap USA, Inc.	United States of America
AerCap Technologies USA, Inc.	United States of America
AerCap Leasing USA I, Inc.	United States of America
AerCap Leasing USA II, Inc.	United States of America
AerCap Leasing USA Sub I, Inc.	United States of America
AerCap Corporation	Cayman Islands
Elasis (Cayman Islands) Limited	Cayman Islands
Airtransport Leasing Inc	Cayman Islands
Air Tara Hong Kong Limited	Cayman Islands
Air Tara Caymans II Limited	Cayman Islands

Air Tara Caymans I Limited	Cayman Islands
AerCap HK-320-C Limited	Cayman Islands
AerCap HK-320-B Limited	Cayman Islands
AerCap HK-320-A Limited	Cayman Islands
AerCap G Caymans Limited	Cayman Islands
AerCap Corvo Limited	Cayman Islands
AerCap A Bordeaux Limited	Cayman Islands
AerCap 320 Limited	Cayman Islands
AerCap 320 C Limited	Cayman Islands
AerCap 320 B Limited	Cayman Islands
AerCap 320 A Limited	Cayman Islands
Asset Management A/S	Norway

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Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

We hereby consent to the use in this Registration Statement on Form F-1 of AerCap Holdings N.V. of our reports dated May 19, 2006, except for "debt issuance costs" and "investments in direct finance leases" as described in note 1 which are dated July 28, 2006, relating to the financial statements of AerCap Holdings C.V., which appear in such Registration Statement. We also consent to the reference to us under the heading "Experts" in such Registration Statement.

Rotterdam, November 1, 2006

PricewaterhouseCoopers Accountants N.V.

/s/ Andre Tukker

Andre Tukker

QuickLinks

Exhibit 23.2

Independent Auditors' Consent

The Board of Directors
AeroTurbine, Inc.:

We consent to the inclusion in the registration statement on Form F-1 of AerCap Holdings N.V. of our report dated July 24, 2006, with respect to the combined balance sheet of AeroTurbine, Inc. and Affiliate (the Company) as of December 31, 2005, and the related combined statements of operations, shareholders' equity, and cash flows for the year then ended, included herein and to the reference to our firm under the heading "Experts" in the prospectus.

As discussed in note 13 to the combined financial statements, on April 26, 2006, the Company was acquired by AerCap, Inc.

/s/KPMG LLP

November 2, 2006
Miami, Florida
Certified Public Accountants

Exhibit 23.4

Simat, Helliesen & Eichner, Inc.
90 Park Avenue
New York, New York 10016
t +1-212-656-9231 (Direct)
f +1-212-471-5931 (Direct)
e-mail: cgmedland@sh-e.com

November 2, 2006

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

Goldman, Sachs & Co.
85 Broad Street
New York, NY 10004

Lehman Brothers Inc.
745 Seventh Avenue
New York, New York 10019

c/o Morgan Stanley & Co. Incorporated
1585 Broadway
New York, NY 10036

AerCap Holdings N.V.
Evert van de Beekstraat 312
1118 CX Schiphol Airport
The Netherlands

Re: Report on commercial aircraft industry

Ladies and Gentlemen:

This letter confirms that Simat, Helliesen & Eichner, Inc. ("SH&E") hereby consents to being named as a source of the information and data relating to the commercial aircraft industry to be included in each of the FormF-1 registration statement, as amended from time to time (the "Registration Statement"), and the preliminary prospectus (the "Preliminary Prospectus") and the final prospectus (the "Final Prospectus") to be used in connection with the offer and sale of the Ordinary Shares to be issued by AerCap Holdings N.V. ("AerCap") pursuant to a registration with the Securities and Exchange Commission and a listing on the New York Stock Exchange, and to its reference as an expert in the Registration Statement, the Preliminary Prospectus, the Final Prospectus, the Preliminary Offering Memorandum and the Final Offering Memorandum.

This letter further confirms that neither SH&E nor any of its directors or officers (i) is an affiliate of AerCap, the underwriters of the Ordinary Shares identified in the Registration Statement (the "Underwriters") or any of their respective affiliates, (ii) has any substantial interest, direct or indirect, in AerCap, the Underwriters or any of their respective affiliates or (iii) is connected with AerCap, the Underwriters or any of their respective affiliates as an officer, employee, promoter, underwriter, trustee, partner, director or person performing similar functions.

SH&E International Air Transport Consultancy

Sincerely,
Simat, Helliesen & Eichner, Inc.

By: /s/ Clive G. Medland
Name: Clive G. Medland
Title: Senior Vice President

[Milbank, Tweed, Hadley & McCloy LLP Letterhead]

November 2, 2006

VIA EDGAR

U. S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-7010

ATTN: Division of Corporate Finance

Re: Registration Statement on Form F-1 for
AerCap Holdings N.V.

Ladies and Gentlemen:

On behalf of AerCap Holdings N.V., a Netherlands public limited liability company ("*naamloze vennootschap"*) (the "Company"), we submit the Company's Registration Statement (the "Registration Statement") on Form F-1 relating to up to 30,015,000 ordinary shares to be filed with the Securities and Exchange Commission (the "Commission") through the Commission's electronic data gathering, analysis and retrieval ("EDGAR") system for filing under the Securities Act of 1933, as amended.

Please contact the undersigned at (212) 530-5505 with any questions you may have with respect to the foregoing.

Sincerely yours,

/s/ DOUGLAS A. TANNER
Douglas A. Tanner

Enclosures